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JPRS Report

East Europe

FBIS 50th Anniversary Note

To Our Consumers:

This year the Foreign Broadcast Information Service observes its 50th anniversary.

The service, first called the Foreign Broadcast Monitoring Service, was established in 1941 prior to the U.S. entry into World War II. At the time, a number of U.S. Government officials were concerned about the content of foreign radio broadcasts—a relatively new means of conveying information and propaganda across borders. On their advice, President Franklin D. Roosevelt in late February 1941 allotted money from his emergency fund to institute the recording, translating, transcribing, and analyzing of selected foreign broadcasts for the U.S. Government. During World War II the service demonstrated that monitoring was a fast, economical, and reliable way to follow overseas developments.

Today the Foreign Broadcast Information Service provides its consumers throughout the federal government, according to their diverse official interests, with information from a broad range of foreign public media. FBIS information also is available to readers outside of the government, through the National Technical Information Service. Objectivity, accuracy, and timeliness are our production watchwords.

We members of the current staff of FBIS extend our thanks to consumers for their interest in FBIS products. To past staffers we extend our thanks for helping the service reach this anniversary year. At the same time, we pledge our continued commitment to providing a useful information service.



R. W. Manners
Director
Foreign Broadcast Information Service

East Europe

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HUNGARY

Jurist Views Role of Constitutional Court

91CH02974 Budapest A VILAG in Hungarian 5 Dec 90
pp 25-26

[Interview with Constitutional Court Chief Justice Laszlo Solyom by Peter Neuman; place and date not given: "The Constitutional Justice"—first paragraph is A VILAG introduction]

[Text]

"Nothing is binding except our own conscience...."

The Constitutional Court of the Republic of Hungary operates out of one of the former district headquarters of the old MSZMP [Hungarian Socialist Workers' Party]. The telephone number for the building has not even changed yet. We asked Laszlo Solyom, chief justice of the Constitutional Court, whether in a political situation which is becoming more and more uncertain, we can expect unappealable rulings based on the one and only truth in the same manner and form as in the old days.

[Solyom] The administration of constitutional justice is a very complicated task. The constitution itself shows how it was prepared in a rush of activity, and not always based on the most painstaking expert deliberation. It is unfortunate how the constitution is being modified almost monthly by the political demands of the day. In spite of all this, it is clear that laws, regardless of when they originated, can only be measured against a constitution which is in force at all times. The degree to which our condition today is transitional is also shown by the composition of our cases. A final-stage verification of standards is what characterizes 99 percent of them, in other words, "flushing out" the legal system and aligning it with the constitution. Very many of the cases are also financial in nature. With disputes about pensions, taxes, and public utility fees, people believe that difficult living conditions are constitutionally indictable. Social security and the comprehensive reorganization of housing are being delayed, so we are the ones who are supposed to tinker with the ordinances and patch them up. It is unfortunate that the law that addresses the Constitutional Court does not recognize the type of constitutional law complaint in which there is no problem at all with the legal regulation but the ruling itself violates a fundamental human right. In Europe, these compose the majority of the smaller cases. At some later date when laws are to be modified, shifting the emphasis away from the final-stage verification of standards toward constitutional law complaints should be considered.

[Neuman] As if the political role of the Constitutional Court here in Hungary was to be upgraded more and more.

[Solyom] What is occurring all over is that on issues where the political parties cannot reach an agreement or are unwilling to accept responsibility, they turn to the

Constitutional Court. We are a part of the power mechanism, and what is more, quite an important part, as witnessed perhaps by our activities up to now. At the same time we are demonstrating our resistance to being drawn into daily politics. Nowadays at every turn statements are being made at press conferences and in parliament that "our next step will be to ask the Constitutional Court." This is a misassignment of roles. It is the proper responsibility of a government or of a parliament to deal with affairs belonging to the power sector itself, and it is improper if it seeks to hide behind constitutional court decisions.

[Neuman] Your decisions on the land question have had a strong influence on daily politics.

[Solyom] It is not we who have ruled on the land question. Naturally, we know the political background of the case, but we "translated" the question into a neutral language that is distanced from ourselves, and made it conform to our reasoning process which disregards daily party affairs. In other words, we dealt with it so that the equality of people under the law and the inviolability of property are fundamental prerequisites on which we will not give ground. The construction of a new system cannot be allowed to begin by depriving anyone of property on political grounds. From this standpoint, it makes no difference as to the origin of property of the production cooperatives. The law on production cooperatives can be modified so that the land of the production cooperative is divided and dispersed, but if the constitution protects all types of property, it is the obligation of the Constitutional Court to prevent the diversion of property for political reasons.

[Neuman] The nomination of Robert Bork to the Supreme Court and his rejection by the Senate stirred up a great furor in American public life. Essentially, Judge Bork stumbled on his unwillingness to take a stand on the abortion issue. He regarded it as a political problem and thus judged it to be outside the domain of the Supreme Court. Here in Hungary, a similar case occurred not long ago in connection with the death penalty. Was the right to rule on this issue in Hungary vested in all of you?

[Solyom] On the basis of constitutional court law, if we hear a motion that has been submitted and conclude that the legal regulation in question runs counter to the constitution, we must quash it. It is public knowledge that in the professional opinion of one of our justices, the decision fell within the sphere of parliament because according to him, we cannot resolve a contradiction contained within the constitution. My own opinion is that as long as the contradiction can be resolved by interpretation, we must rule on it. In my so-called parallel opinion written on the ruling quashing the death penalty, I explained that nothing within the conceptual framework of the constitution is binding except our own conscience. I respect the viewpoint which holds that we must be neutral, but this cannot extend so far that we relinquish control of every important decision.

[Neuman] You mentioned that the Hungarian constitution is not the best of all existing constitutions. Then in that case, aren't the rulings that are based on it overly haphazard?

[Solyom] As a constitutional justice, my own yardstick is the constitution in its totality—the way I interpret it. The brief sentences and general declarations in the constitution provide a conceptual frame on whose limits there is a broad consensus. Within this, many types of interpretation are possible in a pluralistic system as long as the varying interpretations are consistent. When a contradiction occurs it is the task of the Constitutional Court to disqualify the concepts which do not suit the system. For example, the right to live may not have two simultaneous constitutional interpretations. In other words, it can't have two conflicting rulings: one allowing the death penalty and the other quashing the death penalty. The majority of the justices found the latter to be in concordance with the totality of the constitution. It is obvious that the constitution is a captive of constitutional justice interpretation. This is tremendous authority, which is restricted by the fact that rulings must be buttressed by constitutional law arguments. Our task in our decisions is to bring into actuality the type of constitutional ideas that are enduring. I would like a ruling by us in 1990 to stand the test of a new constitution in the future.

POLAND

Presidential Chancellery: Personnel, Organization

91EP02384 Warsaw ZYCIE WARSZAWY in Polish
21 Jan 91 pp 1-2

[Article by (wic): "Who Is Who in the Belweder: Press Conference of Minister Kaczynski"]

[Text] On Saturday, Minister of State Jaroslaw Kaczynski said, outlining the structure of the Presidential Chancellery which he heads: "Lech Walesa has a duty to affect the policy of state; this is what he was elected for."

Minister Kaczynski explained what the president's "leadership" influence on the work of the government and the policy of state should consist of. "The president has certain powers with regard to the government. They are the result of, among other things, the right to chair the meetings of the Council of Ministers when he sees fit. At present, the point is for the character of remarks on the government's work to be substantive. Offices of the Presidential Chancellery engage in the collection of information in the individual sectors of work of the government and also prepare alternative solutions."

At present, the presidential chancellery performs two functions. The first of them is associated with tasks which were once the responsibility of the Council of State, i.e., exercising the right to grant clemency, appoint judges and ambassadors, and so on. The other function involves political tasks.

The political element consists of the secretariat for security affairs headed by Minister Jacek Merkel which reports directly to the president, and four other secretariats which report to the chief of chancellery: international—headed by Professor Janusz Ziolkowski; liaison with the government and the parliament—headed by Slawomir Siwek; economic and social affairs—headed by Teresa Liszcz; and self-government—headed by Jacek Maziariski.

Minister Kaczynski rejected the assertion that the presence of Slawomir Siwek at the meetings of the government testifies to the transfer of all power to the Belweder and a paralysis of the endeavors of the government.

He said: "I stress that at issue is a secretary of state rather than a minister. The fact that a person with this rank takes part in the meetings of the government, rather than the minister of state, is deliberate; it is in order not to paralyze the endeavors of the government. The president takes great care that the government retains all its authority. However, it is known that the voice of Lech Walesa was decisive in the nomination of this government; therefore, contacts with the government appear natural. The withdrawal of General Jaruzelski from all activities in the sphere of the current administration of state was not the result of a lack of presidential powers but rather of the political situation at the time. After the election of Walesa, this situation has changed completely."

The Presidential Chancellery employs more people than last year but, as Minister Kaczynski maintains, taking into account the greater role of the current president, there is no difference compared to the previous condition. The Chancellery reported to the parliament its need for slightly higher outlays this year in the amount of 223 billion zlotys (17 billion more than earlier evaluations). However, 80 billion zlotys of this will be taken up by the fund for renovating the monuments of Krakow.

The chief of the chancellery denied a report in GAZETA WYBORCZA to the effect that a hunting area for the president is to be set up in Arlamow. "I know nothing about the president wanting to hunt there; in general, I do not know that the president has ever hunted." It still has not been decided where the president will live with his family of nine, but it will likely be at Zawrat.

Mazowiecki on Elections, Democratic Union

91EP0260A Warsaw ZYCIE WARSZAWY in Polish
24 Jan 91 p 4

[Interview with Tadeusz Mazowiecki, leader of the Democratic Union, by Ewa Szemplinska; place and date not given: "Different Concepts of Democracy"]

[Text] [Szemplinska] The first round of the presidential elections put in question the notion of Solidarity as a force uniting a major portion of society as well as all the movements originating from the former opposition.

Voters protested aggressively against their own representatives, against their own government. In spite of this, you decided to become the leader of a political party. Why?

[Mazowiecki] The decisive motivation was a response to a certain social need. This need was expressed both in the voting for my candidature and in many letters sent later supporting my ideas and volunteering to defend the concept of democracy that I and my government represented and proposed to uphold. I believe that it was not a singular concept, but one that reflected the needs of the country. The existence of this concept in future Polish public life is still important. What you call putting in question the notion of Solidarity had occurred earlier, together with the casting of the "war at the top" slogan. On the other hand, however, in all the political camps there are people strongly attached to the values that Solidarity represented and convinced that these are the roots of our political tradition. I consider it, therefore, important to prevent political disunity from destroying completely our sense of common values. Disunity is natural to a certain degree, but it was unnaturally intensified for presidential campaign purposes. What I consider a response to a social need is in fact a reclaiming of the values that had shaped us. The creation of the Democratic Union is a way to continue a political concept, revised and updated by current circumstances.

[Szemplinska] Both you and Lech Walesa, as well as all the political heirs of the early 1980's, claim the same roots and the ethos of Solidarity, and uphold the idea of a democratic Poland. The same words, however, do not carry the same meaning. What is the essence of this discrepancy?

[Mazowiecki] We certainly have the same roots. With time, however, the understanding of certain values started to differ. We have to look closely at the way the same words were verified in real life. Specifically, I mean here the question of responsibility for a peaceful and evolutionary course of changes in Poland, a course that would give everybody a chance (this course can be easily replaced by one that dangerously heightens tensions). I also mean the concept of a democratic state. To put it simply, I want democracy European style and not the Latin American type.

[Szemplinska] What does it mean?

[Mazowiecki] It means that the functioning of the state is based on clear and stabilized democratic structures. A mutually restraining interaction and balance among the various government bodies and public institutions is crucial to my view. The president's office, the government, the parliament, or self-government may be partners in a political game only when their powers are clearly defined and when there is mutual respect for each other's range of powers and rights. It does not at all lead to a weakening of these institutions, but to a balance among them in every situation. The opposite may be a system based on the domination of one authority (for

instance that of the president) and on arbitrary action. I emphasize the concept of arbitrariness. If one does not treat existing state structures seriously enough, one opens the way for arbitrariness, lack of responsibility and the possibility of domination. What we need is a functioning constitutional system and not a personal one.

[Szemplinska] During the presidential campaign we also witnessed what Rev. Jozef Tischner calls the "spiritual legacy of communism". It means both hostile, or at least distrustful, attitudes toward state structures and vindictive tendencies, as well as longing for a strong government that would govern for the people and supply what they need. It is an option different from the one you represent. In this case, which electorate will the Democratic Union address?

[Mazowiecki] What Rev. Tischner wrote certainly merits a calm and close analysis. I do not deny that the fighting opposition evaluated the mental state of the postcommunist society too optimistically. Another very important issue is the attitude toward the state. It is a problem considerably older than the history of communism in Poland. The dilemma is whether to strengthen the state or whether to become free from it. During my tenure as prime minister, I often stated that, at the present difficult stage, our state needed strengthening and that the participation of citizens in this process was crucial to success. I had no illusions, though, that long years of viewing the state as a foreign and hostile structure, from which one had to free oneself and from which one had to take as much as possible, would not disappear quickly and without a trace. At the same time, I am not for state omnipotence. I believe there should be possibilities for state intervention in social life, regulated by law, but it should not be a weak state. This is a fundamental issue for the future of Poland. Coming back to the Union's electorate, I do not believe we should declare who we want to address in terms of social groups or strata. The Union addresses all those who share that concept of democracy which I have spoken about, that understanding of the state's function and structure, and, further, that system of values which I have often referred to and which is rooted in the best traditions. It also addresses those who understand that we must not destroy what we created during the past few months and maintain the course of fundamental reforms. Political practice will show where we find support.

[Szemplinska] You speak of a certain system of values and a general concept of state, but a political party must have a specific program.

[Mazowiecki] We are still working on the specifics of our program, but it deals with three basic areas: representative democracy, based on a balance of institutional power and a rule of law; social market economy, emphasizing that "social" refers to the distribution of the national revenue, and not to production, which should be based on competition and mainly private ownership; and last, joining a united Europe. I firmly believe that

Poland may be a country influencing processes in our part of Europe, particularly in dealing with the gap between the rich and the poor (in a reasonable period of time).

[Szemplinska] In the context of the not very optimistic evaluation of society's state and all the economic problems which are ahead of us, what is the chance for our joining Europe.

[Mazowiecki] This road will be longer than we would like it to be, but I am convinced that in society certain processes formed by public institutions will develop, public opinion will mature, and aggressive attitudes and anxieties will subside.

[Szemplinska] During the presidential campaign hopes for a substantial and quick economic recovery were aroused and, understandably, it is expected that these promises will be kept. Since they cannot be kept, I foresee a contrary outcome.

[Mazowiecki] A great political problem facing the present government is to honestly admit its withdrawal from hastily given promises, since it declared the policy of continued reforms. If the new government truly intends to continue the reforms, it has to truthfully present the social and economic implications of this policy, which means, no promises that cannot be carried out. If the reforms are to succeed, only true information should be released, as empty promises will instigate unfulfilled hopes and, consequently, demands by various social groups. At present, I do not see this honesty and this backing away from blown up promises at the expense of popularity, let alone the repeated assurances that everything can be done faster and easier, and even twice as much.

[Szemplinska] What will the Democratic Union do in this situation?

[Mazowiecki] We will support the continuation of the previously initiated reforms and we will demand a truthful presentation of the situation to the people. We are dealing here with the question of responsibility for decisions taken, and also with creating trust in democratic institutions, which is very important in the development of democracy in Poland. Life will certainly bring new problems. In my view, not an exaggerated self-confidence, but poise will be needed in Poland to solve these problems.

[Szemplinska] In conclusion, let us go back to the Union as a political party. At the moment it is a loose alliance of the Citizens Movement-Democratic Action [ROAD], the Forum of the Democratic Right [FPD], and some unassociated supporters of yours. Should it continue, in your opinion, to be a union with a federal structure, or a unified organization? What would you consider more beneficial from the point of view of parliamentary elections?

[Mazowiecki] First of all, I would not like to impose anything. Those individuals, for whom the Union is a realization of their needs, should decide for themselves. I would personally prefer one formation, one political camp, but I do not want to predetermine its structure. Those who join the Union will decide. For such different associations as ROAD and FPD, the principle of joining is an issue demanding some time. It requires establishing, first, an acceptable common platform, and a self-qualification of the members of these groups. I believe it will happen soon.

[Szemplinska] Thank you for your time.

Editorial on Center Accord Role in Elections

91EP0238B Warsaw LAD in Polish No 2, 13 Jan 91 p 7

[Editorial by Jerzy Narbutt: "In My Immodest Opinion: What Lies Ahead for Us?"]

[Text] In Poland, the easiest and the best thing to be is an oracle. Bad predictions come true more often than good ones, and in addition they ensure our reputation as astute people. I have always tried to go against the current of pessimism which has been favored in postwar Poland because encouraging well-grounded hopes appears to me to be a somehow more ambitious endeavor than trying to establish the reputation of a person without illusions. When an overwhelming majority of my fellow countrymen said in the 1960's and 1970's that "nothing will change here, except perhaps in half a century," I persistently reminded them about quite frequent surprises in history. After all, it does happen that things which seem decades away manage to materialize from one year to the next. They shrugged their shoulders and said that I was naive. "The fall of the peoples" which took a couple months to be accomplished vindicated my "naivete" rather than the skepticism of my fellow countrymen.

However, this time around I would like to croak some, now that we have behind us the "fall of the peoples," Tyminski's counterrevolution, and Walesa's victory. No, I am not doing it in order to dash hopes. For as long as Walesa remains president hopes for the desirable development of events remain justified. My "croaking" is rather an attempt to enumerate some difficulties which we will face in the immediate future and which we certainly have to cope with if they are not to cope easily with us.

1. Editor Letowski is in charge of political predictions in LAD. He does this superbly. His recent prediction that the significance of ROAD [Citizens Movement—Democratic Action] will increase after Walesa's victory could not be more correct; this group will certainly not put down its weapons and will be a dangerous adversary, all the more so because it will retain control for a long time to come of prominent publishing houses, influential newspapers, university chairs, and intellectual salons which are influential among the snobs (this is not at all trivial). Therefore, despite political predictions not being

my province, I would like to add on to the margin of these predictions: A difficult struggle against the influence of the community of clerks awaits us. It is difficult because we cannot count on them changing—they amount to a classical "hopeless case" [rendered in English in the original]. All that should be done in this sphere is to create a necessary counterbalance to the intellectual left of cosmopolitan orientation—center-right foci of patriotic thought capable of winning the rivalry for the conscience of modern Poles.

2. Even if the commune gives up further attempts to return to power following the Tyminski fiasco, something equally dangerous is in store for us. People from nowhere who voted in a mass for a man from nowhere may not return to their favorite passive attitudes (a possibility which Letowski assumes). They may instead organize on their own into some terrorist groups which, based on the models of the left anarchists of the West, would like to serve up for us a replica of the Red Brigades or some other version of political terrorism. Flocks of young chuckleheads rolling through the streets of our cities are a potential danger to which we should pay attention as soon as possible, before it is too late.

3. Coming to grips with a wave of aggressive anticulture also awaits us. Even if Poland is saved from an ecological catastrophe, destructive fascinations, which this wave brings and spreads, may easily cause Poland to quickly become a region of Europe in which...they only speak Polish. The battle for Poland, which claimed so many victims, will turn out to have been in vain if we do not stop this wave of anticulture.

4. In store for us is a sharp controversy with the proponents of the Motherland of Europe and the enemies of Europe of Motherlands. In store for us are quarrels with the apostles of unification and the liquidators of community. The temptation awaits us to change "a common European home with many rooms" into one unified barracks, in which everyone will mingle with everyone else, and all will live like ants in an anthill.

5. A reform of Polish schools is in store for us, not a reform of the system of instruction—because this is less important, and there have been enough such reforms—but of the content of studies. Also in store for us is the unpleasant but necessary duty to purge, that is, to remove teachers who have betrayed their vocation and taken part in lying.

6. Something considerably more difficult than overcoming the economic crisis awaits us: The labor of lifting ourselves from the bottom to which interpersonal relations have sunk in Poland. Will an improvement of material conditions facilitate lifting ourselves? There are people who say so, but I doubt it a lot. After all, it is true that people generally become worse under bad conditions, and yet it is not always true that they become better under good conditions. Rapacity, which is indiscriminate in its choice of means, happens to be a trait of not only beggars, but also social climbers. So? So, the

challenge of divorcing ourselves from the love of tangible assets, and the labor of bringing up children detached [from these things], which was once only taught by scouting, awaits us. Does the future belong to affluent societies? Generally yes, but only to those whose spiritual riches equal their material wealth. On this point, I agree with Solzhenitsyn.

7. In a couple of months, yet another dangerous political curve awaits us in conjunction with parliamentary elections. Maciej Letowski believes that, perhaps, Dyzma-Tyminski will not start some new party, and ponders who will take over their constituency. To my mind, the danger is found elsewhere: Millions (three or four—we will see) of Dyzmas may easily elevate some super-Dyzma and the issue will be settled. It will be settled in the sense that, along with the commune and the lay left, we will have to deal with a third adversary in the new Sejm—the plebeian party of Dyzmas. The weakness of the Center Accord predicted by Letowski is highly probable. What is to be done in order to prevent it and provide considerable support for President Walesa in the Sejm? There is only one way. Without giving up one's own concepts, give up one's own party or personal ambitions, and make the Center Accord into a consolidated Polish union, outside the gangs of the left and the flocks of Dyzmas. Time is short.

ROMANIA

Parliamentary Commission Report on June Events

91BA0291A Bucharest AZI in Romanian
1 Feb 91 pp 3-6

["Romanian Parliament Debates the Tragic Events of 13-15 June 1990"]

[Text]

REPORT

I.

To establish the truth and correctly inform the public about the events of 13-15 June that caused fatalities, a large number of injuries, and considerable material damage as well as damaging our sociopolitical life and the very process of democratic transition to a civil society and a state of law, the Romanian Parliament in its two chambers decided to set up a commission of investigation to clarify the events and establish the causes and conditions that generated and led up to them.

Similarly, the commission was tasked with making recommendations to official institutions and factors to ensure that such situations will not recur in Romania's social-political life.

The persons designated to sit on the commission were appointed under Senate Decision No. 12 of 18 June 1990 and Decision No. 11 of the Assembly of Deputies of 19

June 1990 and in keeping with the political configuration of the two Parliament Chambers.

A Parliamentary Commission was established on the basis of those decisions with the following composition:

- Corvin Laurentiu Bangu, senator, NSF [National Salvation Front] parliamentary group;
- Sorin Botnaru, deputy, NSF parliamentary group;
- Petru Burca, deputy, parliamentary group of the Romanians' National Union;
- Radu Ciuceanu, deputy, NLP [National Liberal Party] parliamentary group;
- Sergiu Cunesco, deputy, Ecological and Social-Democratic parliamentary group;
- Mircea Cupsa, senator, NSF parliamentary group;
- Nicolae S. Dumitru, deputy, NSF parliamentary group;
- Valentin Gabrielescu, deputy, NPP [National Christian Democratic Peasant Party] parliamentary group;
- Zoltan Hosszu, senator, UDMR [Democratic Union of Romanian Magyars] parliamentary group;
- Zsigmond Laszlo, deputy, UDMR parliamentary group;
- Anton Lintzmayer, deputy, parliamentary group of national minorities (other than Hungarian);
- Gabriel Marinescu, deputy, NSF parliamentary group;
- Ioan Moldovan, deputy, NSF parliamentary group;
- Gheorghe Muntean, senator, NSF parliamentary group;
- Nicolae Olteanu, deputy, NSF parliamentary group;
- Valeriu Pescaru, deputy, Romanian Agrarian Democratic parliamentary group;
- Neculae Radu, deputy, NSF parliamentary group;
- Mihai Zaharia Ruva, senator, NLP parliamentary group;
- Ivan Sabin, senator, NLP parliamentary group;
- Ion Soleanu, senator, NSF parliamentary group;
- Constantin Sorescu, deputy, NSF parliamentary group;
- Iulian Stancov, deputy, NSF parliamentary group;
- Neculai Simeon Tatu, senator, NSF parliamentary group.

The Commission elected a permanent Bureau composed of:

- Neculae Radu, chairman;
- Sergiu Cunesco, deputy chairman;
- Ion Soleanu, deputy chairman;
- Petru Burca, secretary;
- Nicolae Olteanu, secretary.

Two of the commission members—N.S. Dumitru and Nicolae Olteanu—withdraw; the former at his own request and the latter upon being appointed secretary general of the government. Deputy Iulian Stancov was elected secretary of the commission in place of Deputy Nicolae Olteanu.

On 17 January 1991, by a decision of the Assembly of Deputies, the following deputies were added to the commission: Ion Stefan and Viorel Lixandroiu.

The commission hammered out and approved procedural working rules based on the bylaws of the two Parliament Chambers (annex No. 1).

We must stress that by virtue of its position and parliamentary mandate the commission carried out its investigations at a social-political level, while the judicial investigation designed to establish who was responsible and to decide sanctions and penal sentences for those who violated the law will be undertaken by bodies competent in the area.

To establish the truth and the causes that favored and generated the violent events targeted by the investigation, the commission requested and received information, notes, reports, and statements from persons involved in the 13-15 June events who at the time occupied state positions (commanders of military units, the head of Bucharest Municipal Police, department directors; the ministers of the interior, health, transportation, and national defense; the respective deputy ministers; the director of the RIS [Romanian Intelligence Service]; the prosecutor general, and others) (Annex No. 2).

A number of 415 persons who were directly involved in the events came to the commission on their own initiative or were invited by the latter to give testimony and provide facts and information (Annex No. 3); 119 persons affected by the events filed memoranda and complaints; most of them were personally interviewed by the commission (Annex No. 4).

The commission plenum and its five subcommissions interviewed the following leaders and members of parties and political and apolitical associations: N.S. Dumitru, NSF; Radu Campeanu, NLP [National Liberal Party]; Corneliu Coposu, NPP; Dinu Patriciu, NLP-Youth Wing; Nica Leon, Free Democratic Party [FDP]; Ioan Nemtiu, 16-21 December Association; Alexandru Nancu, 21 December Association; Marian Munteanu, League of Bucharest University Students; Vlad Moisescu, Medical Students League; Eugen Leahu, Bucharest Polytechnical Institute Students League; Dan Preiss, Construction Students Trade Union; Stelian Tanase and Gabriel Andreescu, the Group for Social Dialogue [GDS]; Dumitru Iuga, Radio and Television Free Trade Union; Ion Cosma, Jiu Valley Trade Union; Lazara Popescu, Miners Trade Union of the Oltenia Coal Basin; Gheorghe Nicolae, Gypsies Party; Constantin Latea and Constantin Dumitrescu, Association of Former Political Prisoners [AFDP]; Ion Manzatu, Republican Party. The following senators and deputies were also interviewed: Gelu Voican-Voiculescu, Ilie Vidovidi Platica, Dan Iosif, Aurica Popescu, Ion Hopulele, Costel Gheorghiu, Constantin Topliceanu, and Teodor Dobritoiu.

The commission plenum interviewed 39 persons who held important public posts at the time of the events in

the leadership of the government; the Ministries of National Defense, Interior, Health, and Transportation; RIS; the Office of the Prosecutor General; the Romanian Radio and Television, and in the Bucharest University and the Architecture Institute.

During the investigation two subcommissions went to Harghita County and the Jiu Valley and Oltenia coal basins to obtain information and data from persons involved in the events under investigation (Annex No. 5).

In the final stage of the investigation the commission directly received facts in information on the June events from Romania's President Ion Iliescu and from Prime Minister Petre Roman (transcripts of the discussions deposited in file Nos. 660 and 678).

A considerable volume of evidence was put at the disposal of the commission: written statements, memoranda, official certificates, medical observation sheets, statistic data, and audio and video tapes of the events.

Although some parties, groups, state institutions, private individuals, and legal associations promised to provide the commission with important evidence, they failed to do so (NPP, ROMANIA LIBERA, etc.). Consequently, some aspects could not be fully clarified (files 331, 531).

The commission of investigation carefully monitored domestic and foreign press reports of the events and took note of various views expressed by parties and other political organizations, associations, and institutions about the 13-15 June events.

The commission of investigation took note of the report written by the participants in the delegation of Helsinki committees led by Vladimir Weisman who visited Romania on 9-18 August 1990 (file 658) and had talks with:

- A delegation of the European Parliament for Romania led by Mrs. Maria Adelaide Aglietta;
- A delegation for relations with non-member states of the Parliamentary Assembly of the European Council led by Rene Noerens;
- A delegation of the Bundestag's Foreign Affairs Commission led by Volkar Koehler.

The report is a condensed analysis of all the information amassed. Differing opinions on controversial aspects were annexed to the report as an integral part thereof.

The commission unanimously agreed on the following structure for the report:

I. Introduction:

- investiture of the commission;
- structure of the commission;
- working methods.

II. Social-Political developments after 23 December 1989.

III. The University Square phenomenon—general causes, development, groups and organizations involved, deterioration of the University Square phenomenon.

IV. 13 June events:

1. Evacuation of University Square;
2. Developments toward violent tension;

3. Targets of attack: Architecture Institute, University Square, Bucharest Police, RIS, Interior Ministry, NSF District I, Victoria Square, Television building, ROMPRES, Romana Square, Army House, Rosetti Square, Sfintul Gheorghe Square.

4. 13 June events in Harghita County (a film of the events, the climate created, factors implicated).

V. 14-15 June events:

1. Social categories involved; means of transportation to Bucharest; financial and legal aspects of transportation; purpose of travel to Bucharest.

2. Actions and sites:

—NLP: University, Architecture Institute; NPP; DREPTATEA; UMRL [World Union of Free Romanians]; AFDP; 21 December Association; ROMANIA LIBERA; GDS; FDP;

—Residences: Coposu, Ratiu, Campeanu, gypsies;

—Squares and streets (attacks on individuals).

3. Persons detained—arrested; searches carried out by legal factors.

VI. Effects of the events: Victims (fatalities and injuries), material damage.

VII. Conclusions: A—Interpretations, B—Recommendations.

II. Social Political Developments After 22 December 1989

Immediately after state power was taken on 22 December, the first political groups emerged and intensive political activities began in the newly-created situation, one of whose elements was the NSF's communique to the country. Political activities were initially characterized by major elements of consensus.

The adoption of Decree Law No. 8 of 31 December 1989 on the establishment of political parties and civic organizations in Romania laid the foundations for the organization of a pluralistic system in our country and permitted a large number of parties and political groups to carry out legal activities. The way was thus paved for

offering the nation multiple options and allowing those interested to freely engage in politics

The political activities of parties and other organizations with political interests intensified in the January-April period and acquired a more active character during the electoral campaign. However, the political climate became extremely tense both because of the activities carried out by competing political forces, and because of the tendentious, violent, and inciting style used by some of the media

By the beginning of February 1990 the NSF Council coopted representatives of existing political groups and national minorities and established the Provisional National Unity Council (PNUC), something that provided more than 30 political groups with a venue for expressing their views in the main body of state and legislative power.

Nevertheless, the social-political climate remained tense, positions became more radical and undemocratic means of action were employed

By 22 April 1990, when the area in front of University Square began to be blocked, 65 demonstrations and meetings took place, most of them unauthorized

Acts of violence were recorded at some of those demonstrations. The most noteworthy events along that line were

- 12 January in Victoria Square: Demonstration began as a commemoration of the victims of Timisoara and Bucharest.
- 28 and 29 January: Meetings and demonstrations in which political parties and certain workers forces from Bucharest and provinces were involved.
- 18 and 19 February. On 18 February, following an unauthorized demonstration organized by NPP and PSDR [Romanian Social Democratic Party] (file 657), the government building was broken into, damages were caused, and acts of violence were perpetrated, including against one member of the government. On 19 February the offices of certain political parties (NPP, NLP, and NSF District 1) were attacked.

Beginning with March 1990 demonstrations were organized and attempts were made to occupy University Square and to block traffic on neighboring boulevards, as follows.

- 30 March, 1700 hours, 21 December Association and People's Alliance with 300 participants occupied the traffic axis from the direction of Intercontinental Hotel; stripes were painted on the pavement.
- 31 March 1990, 30 members of the 21 December Association demonstrated in the street in front of the Intercontinental demanding offices.

—2 April 1990, 2100-2130, 30 persons in the street in front of the Intercontinental shouted anti-NSF slogans and slogans in support of Doru Braia, known for his extremist positions.

—11 April 1990, 1200, two groups of 50-60 people occupied the street in front of the Intercontinental shouting anti-NSF slogans.

—16 April 1990, 1530, after an unauthorized meeting, a group of members of the People's Alliance and the Independent Group for Democracy occupied part of the street in front of University Square cheering for Ion Ratiu, who delivered a short speech.

—18 April 1990, a group of People's Alliance supporters led by Dumitru Dinea again occupied part of University Square. At the same time, Ion Petea, a resident of 292 Mihai Bravu Ave., declared a hunger strike on grounds that the authorities were not helping him despite what he had suffered under the dictatorship

Beginning in the evening of 22 April, following a NPP meeting, some demonstrators occupied University Square and blocked the road for traffic until the morning of 24 April (0500), when police forces intervened and managed to restore order for a few hours

Taking advantage of the hesitation on the part of the police forces, the demonstrators reoccupied and closed off the area.

On 25 April the demonstrators were joined by the Students Society of the Architecture Institute, the Students Trade Union of the Academy of Economic Studies, and the Free Trade Union of the Bucharest Polytechnical Institute, just as the League of Students of Bucharest University had done on 23 April. We want to point out that those student associations and trade unions incorporated only some of the students of the respective institutes of higher education.

The string of demonstrations and events continued during the electoral campaign

As time passed, the positions of those involved in the University Square manifestation became more radical and the verbal aggression escalated, especially in the face of the authorities' evident weakness.

The University Square phenomenon emerged amid this tense social-political atmosphere and culminated in the 13-15 June events

III. The University Square Phenomenon

The University Square actions evolved in a controversial manner and acquired a variety of meanings over time because of the fact that a variety of groups and associations met, acted, and interacted there in pursuit of a variety of political and civic objectives

The duration (52 days), diversity, and sometimes contradictory objectives pursued by those who assumed

partial or total responsibility for organizing or leading the University Square events, as well as the varied social background of the participants contributed to the particular complexity of the event.

Considering, too, the fact that thanks to the audio and visual media the University Square actions made a powerful impression not only on the residents of Bucharest but also on most of the nation and contributed to fostering radical positions, the phenomenon was obviously given many interpretations on which general agreement cannot be expected.

The present report was designed to examine the phenomenon in its evolution and its consequences from the following angles:

- The significance of the site selected;
- Development in time;
- University Square as a social and psychological phenomenon;
- University Square as a political phenomenon and the exploitation of those events for political and electoral purposes;
- Manifestations of social pathology.

The site of the events had a symbolic significance because it was one of the spots where the 1989 Revolution began and where most victims fell among the young people who fought to bring down communism and the dictatorship. At the same time, the site permitted the organization of extensive actions characteristic of public events, made it possible to block traffic, and fully met the organizers' aim of attracting public attention.

The site was also selected with the idea of having the events in full view of foreign reporters and citizens staying at the Intercontinental Hotel, who in fact did become involved in the University Square actions, egging on the demonstrators to continue occupying the area, wearing "golan" [hooligan] buttons, and so forth (file 471).

The University Square phenomenon began on the evening of 22 April 1990, at the peak of the electoral campaign when, after authorized meetings of the NPP in Victoria Square and of the Democratic Center Group in Unirea Square, some of the demonstrators gathered in the Romanian Television area, went to University Square, blocked the street, marked the occupied area, and declared it a "communism-free zone." Most of the squatters were participants in the above meetings, mainly members of the 16-21 December Association, People's Alliance, 21 December Association, the Independent Group for Democracy [GID], AFDP, and NPP (file 328 pp 17-18).

The first stage of the event was aimed at replacing the existing political scene created by the establishment of the PNUC by a political scene based on pressure groups.

This objective was concealed under the apparently apolitical character of the event.

The organizers, inspirers, and supporters of the event—the most prominent of whom were leading members of the GDS: Octavian Paler, Gabriel Liiceanu, Stelian Tanase, and personalities like Doina Cornea, Ana Blandiana, Dumitru Mazilu, and others—encouraged extremist groups and forces which in fact were intent on and worked to remove the existing political power by undemocratic means, including violence.

Certain leaders of some political parties found an electoral platform in University Square and gave it moral and material support for as long as their political interests coincided with the evolution of that phenomenon.

The day of 20 May caused a change in both the makeup of University Square and the options of its participants. Most of the initial leaders officially withdrew and the leadership was taken over by groups exhibiting an extremist behavior. There is no denying that segments of the population were worried about the development of the democratization process and expressed apprehension that the country might return to the former totalitarian structures and communism.

The silence of those categories was reinforced by the slow process of replacement of compromised figures belonging to the former party and state apparatus. Aside from these political requirements there were also socio-economic demands such as demands for jobs and appropriate pay, solutions to housing problems, solutions to pending court litigations, etc.

All those real problems affecting Romanian society at the time were exploited to draw as many supporters as possible into pressure groups for the purpose of achieving the political aims of the organizers of the events.

On the other hand, in view of the nature of the demands, the University Square phenomenon also had a political character manifested in its overall orientation.

Taking place at the peak of the electoral campaign, the University Square event was directed throughout against the NSF and its presidential candidate and was aimed at temporarily eliminating him from Romanian politics.

Refusing to recognize the political consensus achieved within the PNUC by the main political groups concerning the conditions and date of parliamentary elections, which were sanctioned in the Electoral Bill, the demonstrators also demanded that the elections be postponed or boycotted and requested that point 8 of the Proclamation of Timisoara serve as selection criterion for the candidates. This was an attempt to eliminate from the electoral race any person who at some point in their life occupied some position in the RCP [Romanian Communist Party] apparatus or in the state leadership, whereby the term "nomenklatura" acquired various interpretations. Some speakers incriminated all former

RCP members. Those requests expressed in University Square were echoed in the electoral strategies of the major opposition parties. Similarly, the event was also directed against two institutions viewed as the most heavily implicated in social-political life: the Ministry of the Interior and Romanian Television, and the resignation of the then Minister Mihai Chitac was demanded.

The event was also exploited by various independent candidates, members of the GDS or similar groups for electoral purposes, by means of speeches and proposed presidential candidacies.

To ensure the continuity of the event, a system of permanent occupancy, watch, and supplies was organized in which various parties became involved through members with official responsibilities, certain associations, institutions, and private persons. The support materialized in terms of food, clothes, billeting, money, tents, politically affiliated press support, etc.

Food—Beginning in the afternoon of 27 April 1990, Stelian Tanase (file 647 p 1, file 466 p 3) and GDS administrator Mihai Borza decided to distribute food to demonstrators who stayed overnight. Statements regarding the cost of the food supplied by the GDS varied. Mr. Mihai Borza said he delivered food "once every two weeks for about 10 persons" (file 647 pp 2,3); Ion Hotnog, who actually stayed in the square from 22 April to 6 May as one of its organizers, said that the cash value of the food received from the GDS was "between 3,000-10,000 lei a day" (file 486 p 4).

French organizations offered food to the 21 December Association, some of which was distributed to the injured, while "the rest went to the tents" in University Square, according to the testimony of Nancu Alexandru, chairman of that association (file 328 page 4). The 16-21 December Association also offered food.

Hot meals were procured and served in several forms. Thus, a cafeteria of the Bucharest Consumer Cooperative (3 Lt. Lemnea St.) operated in the basement of the NPP building in 34 Republicii Blvd., run by Jipe Nicolae (file 382 p 35); meals were served there to demonstration participants on the basis of tickets distributed in the square (files 661, 471, 630, 517, 486). Food was also delivered to or meals were served at the restaurants Havana, Dunarea, and Lido, paid for out of NPP funds (files 317 and 486). The Constanta local branch of the NPP paid for the meals of 26 University Square squatters who had come there from Constanta to participate in the event (file 486 p 6).

In the basement of the Intercontinental, a certain Magda served hot meals on the basis of a password—"We are children of the Revolution" (files 517 and 486).

Clothing—Articles of clothing were also offered to attract participants in the nonstop [last word in English] University Square demonstration and occupation; that action was carried out by the then NPP deputy chairman Ion Puiu (file 630 p 3); Caritas Association which

provided aid in the form of clothes (files 486 p 4); a certain Mrs. Vasilescu, a Romanian-born resident of Belgium sent by a Belgian charity organization (files 485 and 517 pp 13-14).

Billeting—Billeting for the demonstrators was arranged at the Architecture Institute, the University (file 630 p 4 and 412 p 1), the newspaper storage room in the NPP headquarters (file 517 p 6), the 21 December Association (files 328 p 4), and in the basement of one embassy (file 486 pp 19-20).

The GDS through Messrs. Stelian Tanase and GDS Administrator Mihai Borza were directly responsible for procuring the tents pitched in front of the National Theater. About 10-12 tents were purchased from the Unirea store already on 26-27 April, i.e., before the hunger strikers appeared (files 486 p [figure missing] and 647 p 3). Two other new tents later placed in the square were provided by Mr. Ion Ratiu (file 458 p 16).

Financing the participants—Considerable amounts in lei and hard currency were put up to attract and keep demonstrators.

Existing documents show that Messrs. Ion Ratiu, NPP presidential candidate and Corneliu Coposu and Ion Puiu, chairman and secretary general of the NPP respectively contributed important amounts of money (file 638).

The money was procured through Cristian Duma of Peris; Ion Hotnog, a man with a police record; and Teodor Ardelean, secretary of the NPP Brasov branch—Youth Department; and UMRL Treasurer Grigore Tecuceanu. The amounts in question were between 10,000-150,000 lei a week (files 630, 486, and 382).

Additional funds were provided by Dumitru Mazilu through the intermediary of Constantin Catalin, a.k.a. Ceferistul [Railway Man] (files 486, 517, 630).

According to one statement, Marian Munteanu allegedly received a large amount of hard currency from Vali Sterial (file 511 p 9).

Hard core demonstrators were paid 200-500 lei a day (files 471, 486, 511, 517, and 630).

Another source of income was the sale of newspapers offered free to some demonstrators: DREPTATEA and VIITORUL NLP (files 486, 517, and 630).

The same methods were used to organize political actions similar to the ones in University Square in other cities: Constanta, Iasi, Brasov, Pitesti, Ploiesti, Timisoara, etc. (files 486, 471, 517, and 630).

Other contributors to financially supporting the demonstrators were Emanoil Cosmovici, director of the Bucharest branch of Caritas; Nica Leon, chairman of the FDP; Gheorghe Popilean, chairman of the Christian Republican Party; and Stelian Tanase of the GDS (files 486, 690, and 647).

Certain amounts of money were offered to some of the hunger strikers (files 347 and 630).

Persons who received various amounts of money or other goods had to relinquish personal documents so that they could not leave University Square (file 486). That was made clear by the fact that 163 identity papers and personal documents were found in the University Square tents when they were evacuated on 13 June (file 591).

Equally important and significant was the moral support extended to the University Square event, especially prior to 20 May; thus, various Romanian artists and scientists (Doina Cornea, Ana Blandiana, Octavian Paler, Gabriel Liiceanu, Stelian Tanase, Victor Rebengiuc, Petru Creția, etc.) addressed them from the balcony of the University.

Similarly, two French deputies, several foreign tourists, and foreign press agency reporters also addressed the demonstrators from the University balcony.

Even after 20 May certain political parties continued contesting democratically elected bodies, something that served as an encouragement to the demonstrators. We can cite along this line the opinion of NPP Chairman Corneliu Coposu, who told the commission of investigation that the elections had been falsified and that "the Parliament and this commission are illegal" (file 531 pp 34-35).

Some of the mass media presented the University Square phenomenon solely in praising terms as one of the great moments in history, omitting to mention those aspects that violated public order. An examination of the documents reflecting the evolution of the University Square events shows that means were employed to radicalize the political and social climate. We are referring particularly to the manner in which supporters were recruited for point 8 of the Proclamation of Timisoara (file 478 pp 5-6 and 8-9) and to public declarations whose stated objective was to "win the power" and "continue the movement to boycott the elections" (file 478 pp 7,10).

An essential and decisive issue for a correct understanding of the events in question was the failure to come to a dialogue between University Square demonstrators and bodies of state power. Although an agreement was reached at the meeting between Mr. Ion Iliescu and representatives of the Timisoara Society on the usefulness of talks, subsequent attempts to open a dialogue with University Square demonstrators failed either because of the latter's inability to elect a generally representative delegation or because of conditions requested by the associations and rejected by PNUC representatives (files 328, 568, and 676).

Thus, dialogue attempts mediated by Ion Caramitru, Mircea Dinescu, Dan Haulica, and Andrei Plesu on 4 May failed, as did on 22 May a meeting with then Justice Minister Teofil Pop and Secretary of State Sever Georgescu, who were also molested on the occasion. The

government's attempt on 11 June to talk to leaders of the Architecture Students Association, the Students Trade Union of the Academy of Art, the League of Students of Bucharest University, the 21 December Association, the Independent Group for Democracy, and AFDP—representing the hunger strikers—also failed, because the protocol signed at the end of the meeting was later disclaimed by the 16-21 December Association and the People's Assembly.

Upon examination of successive attempts to begin a dialogue between University Square demonstrators and the authorities, the commission feels justified to believe that the following circumstances contributed to the failure to initiate talks:

- The disparate aims pursued by various groups participating in the events;
- The fact that the dialogue was postponed under various pretexts;
- The contribution of the mass media to sharpening contradictions between the two sides.

On the other hand, considering the preconditions raised by the demonstrators for having a dialogue, the sincerity of the request itself becomes questionable.

There are reasons to believe that the demonstrators did not honestly wish to have a dialogue with the PNUC leadership, although in his 5 May 1990 declaration the PNUC chairman gave them satisfaction and expressed regret for having used the word "hooligan."

According to the view expressed by Stelian Tanase at the commission's 3 October 1990 plenum, a dialogue was not possible because the University Square leaders were not organized for it: "The boys from Timisoara (the Timisoara Association—ed. note) met with Mr. Iliescu, who said he was willing to talk to a University Square delegation. We didn't know that. The boys came to us at the Group and told us that they had already suggested a delegation to Mr. Iliescu. At that moment, and it was a dramatic moment, we realized that we weren't capable of conducting such a dialogue" (file 530 p 38).

We must point out that in the evolution of University Square a turning point became evident when the results of the 20 May elections were announced; at that point the events changed their character and objectives.

The important points that marked that evolution were:

- a. The withdrawal of the League of Students from the permanent occupation of University Square, a decision vehemently criticized by the other organizations that participated in the events (files 328, 435, 568).
- b. Attempts to use force. On 21 May a meeting took place between C. Dumitrescu, O. Radulescu, I. Nemtiu, M. Trifu, T. Maries, and M. Munteanu at which it was decided to use force. About 20,000 were slated to take part in the action planned, 10,000 of whom were to go

into action at the government [building] and another 10,000 at the [Romanian] Television [building] (file 471 p 3).

In view of the fact that the leader of the League of Students, Marian Munteanu, did not agree to use force, the meeting continued in the tent of the People's Alliance Association. There is proof that various propaganda material—such as "The Last Provisional Day"—was published for the action (file 526) and that chains, clubs, and iron bars were brought in by Doru Ardelean, secretary of the NPP Brasov branch. Some of those items were later taken away from the area by the 21 December Association (file 328 p 6). It was decided even to procure some weapons, which a certain Grigore Eugen was expected to deliver (files 517 and 630).

The scenario of a forcible takeover included preparatory stages consisting of increasing the psychological pressure on the government and the PNUC, circulating rumors against the NSF, exaggerating the number of supporters of point 8 of the Proclamation of Timisoara, and so forth.

In the end the plan of action regarding the use of force on 21 May was not implemented because the leader of the League of Students, Marian Munteanu, called on the 4,000-5,000 people to stay in University Square and the group that made it to [Romanian] Television was only about 200 strong.

Repeated threats of force were proffered by T. Maries (files 323, 238, 427).

There are indications that an attack had been planned for 14 June on strategic targets in Bucharest, Arad, Oradea, Satu Mare, Tirgu Mures, Miercurea Ciuc, and Constanta. In Bucharest the plan was to use clubs, iron balls, and Molotov cocktails and according to one report, weapons were expected to arrive from Cugir. The army "would not have reacted" (file 471).

According to some statements, weapons had been offered, but the leaders of the Independent Group for Democracy had opposed it (file 328 p 6).

c. A radical change occurred in the social composition of the University Square events when it was abandoned by the students and most of the intellectuals. The Square was left under the domination of groups of persons from materially and culturally disadvantaged social strata with a lower capacity for understanding, dialogue, and for promoting peaceful conflict settling solutions, as well as antisocial elements.

Throughout the University Square events 186 persons were fined 145,000 lei for profiteering, and goods totaling 730,000 lei were confiscated from 92 persons.

Some 324 thefts were committed: 232 against private property and 92 against public property. During the night of 29-30 May, \$48,000 was stolen from the Austrian Airlines agency, while damage to public property exceeded 425,000 lei.

A very large number of acts of violence were committed. Similarly, eight robberies and 39 frauds were reported.

In view of the above it may be estimated that the University Square events began as a political demonstration of protest against the state leadership, both against holders of government posts and against the rate of progress of the processes of change expected by the demonstrators. The right to voice such criticism and to protest a given situation by means of a public assembly cannot be denied any citizen because it constitutes an expression of the freedom of opinion.

However, once that public assembly became permanent and proceeded in an atmosphere of verbal and sometimes even physical violence, special illegal situations appeared. Occupying the street and blocking traffic, disrupting public peace, particularly at night, public attacks on state figures, use of public institutions (classrooms in the University and the Institute of Architecture) for other than teaching purposes—all the above were acts that fell under legal interdiction and that made necessary measures to restore order in the center of our capital city.

In view of the above, as in time the University Square phenomenon was increasingly overstepping the strict boundaries of the law, conditions appeared that legally justified taking measures to evacuate University Square.

IV. The 13 June Events

1. Evacuation of University Square

On 11 June 1990 the government's last attempt to talk with the demonstrators failed. The failure was due both to the fact that the 16-21 December Association and the People's Alliance rejected the agreements reached in the meantime between the government and representatives of the hunger strikers and certain organizations, and to actions carried out by some members of the above-mentioned associations who tried to force their way into the government building.

Under those conditions, on the same day Interior Minister Lieutenant General Mihai Chitac suggested using police force to evacuate University Square. Prime Minister Petre Roman endorsed the proposal. Romania's President-elect Ion Iliescu was subsequently informed of the decision; he agreed, having been told by the interior minister that there was no danger that the police intervention may cause disturbances.

In the morning of 12 June a meeting was held at the government offices and was attended by: the ministers of national defense and interior, the director of the RIS, Prime Minister Petre Roman, and President-elect Ion Iliescu. The participation of the respective departments in the planned action was discussed on the occasion. It was decided that the same evening the interior minister and his deputy would discuss the plan of action with representatives of the ministries.

A particularly controversial problem concerned the participation of Bucharest residents in actions aimed at clearing University Square.

Against the backdrop of disapproval felt by the majority of the population against the demonstration, some groups of Bucharest residents and people from the provinces offered initiatives to clear University Square themselves. Such initiatives were discouraged by the NSF leadership and the authorities in order to preclude confrontations.

Mr. Mihai Chitac stated that support from Bucharest's population was necessary to raise troop morale; for that purpose he requested then NSF deputy chairman N.S. Dumitru to mobilize groups of citizens.

The request was discussed by N.S. Dumitru in the NSF Steering Committee; some NSF leaders refused to endorse the request stating that they did not wish to involve workers in a police-type action (file 808 pp 4,10).

N.S. Dumitru's endorsement was an attitude that must be repudiated and the commission estimates that the attitude adopted by the other NSF leadership members was correct and in keeping with the regulations of the legal statute.

Nevertheless, upon the insistence of the interior minister some attempts were made through the mayor general and the mayors of certain Bucharest districts to mobilize citizens, but unsuccessfully. In the evening of 12 June 1990 the Office of the Prosecutor General issued a communique on radio and television requesting the government to take measures to reopen University Square to traffic. The communique listed practical and legal grounds for the request.

The same evening the Interior Ministry, in cooperation with the RIS, the Ministry of National Defense, the Health Ministry, and Bucharest City Hall discussed and adopted a plan of action to clear University Square. It was decided that 1,400 Interior Ministry troops, three special fire engines, and a RIS antiterrorist squad should be involved in implementing the plan with a view to defusing possible actions of this type, as well as 80 men of the National Defense Ministry Military Police battalion and ten ambulances with medical personnel. The Interior Ministry's note stated that the forces scheduled to participate in the action had been instructed on the evening of 12 June 1990 to refrain from violence and to carefully evacuate the hunger strikers.

The plan consisted of using gendarmery troops to cordon off the square, detain the persons inside the cordon, hospitalize the hunger strikers, clear the street of traffic-blocking objects, and take down the tents on the lawn in front of the National Theater.

Once the square was cleared, Interior Ministry buses were to form a roadblock behind which the street was to be washed and marked with traffic lines.

The commission believes that the plan adopted had many conceptual flaws that had a negative impact on its implementation, such as: absence of safety measures in case of a violent response; the fact that the intervention troops were badly and insufficiently trained for this type of operation; lack of appropriate means of neutralization; lack of coordination with the Army, which should have simultaneously deployed forces to watch and guard vital Bucharest objectives.

No protection was ensured for what should have been a surprise action. Word of the action leaked already in the evening of 12 June 1990 through various channels, some originated even inside Bucharest Police, the Interior Ministry, and the Office of the Prosecutor (files 341, 467, 568, 608, 630, 638).

On the basis of that information, amplifying equipment was dismantled and removed. At the same time, most of the demonstrators pulled back to areas adjacent to University Square, Sf. Gheorghe Park and Rosetti Square, the offices of the 16-21 December Association and GID, University and Architecture Institute buildings, and only a small number of participants were left in the square (file 630).

The operation to evacuate University Square began at 0430 in the morning of 13 June 1990. Police were employed and it was overseen by Generals C. Diamandescu and D. Bitlan. Army participation was limited to posting 70 MP's to guard metro entrances.

The action consisted of:

- Blocking all access to University Square with buses placed across access streets;
- Surrounding the square with police cordons;
- Seizing the demonstrators found in the square;
- Taking down the tents on the National Theater lawn;
- Checking out and removing the truck that was suspected of being booby-trapped (the former operation was carried out by the RIS antiterrorist squad).

The 263 persons found in University Square were picked up by police troops, who took them to the Interior Ministry Magurele facility for questioning.

In view of the fact that some demonstrators offered resistance, the troops used police means, which in some cases were excessive (file 27). At the same time, four students were picked up at the Architecture Institute for protesting and insulting the police.

The following items were found in the tents area in the course of the evacuation action: 86 identity cards, three passports, three work cards, five military ID's, 18 birth and marriage certificates, 44 student and school ID's, four driver licences, a large quantity of side arms and blunt instruments, and vials and tablets that, according

to toxicological expertise, could be used some as tear gas, others as uppers, and others as drugs.

Also found were lists of names, addresses, and phone numbers of Interior Ministry, RIS, and National Defense Ministry cadres (files 471, 486, 591, and 630).

In the cleared area of University Square public works teams proceeded to clean and repair damaged sections. Forces of order kept traffic out by means of troops cordons and vehicle roadblocks.

2. Progression Toward a Situation of Violent Tension

Already on the morning of 13 June 1990 the following factors contributed to raising tension and fostering a confrontational mood in University Square: lack of information concerning the fate of the persons arrested, the deployment of considerable police forces in the city center enlarging the area barred to traffic, and groups holding different views running into each other.

Around 1030 various groups were becoming increasingly active in front of police cordons on 1848 Boulevard and expressing their disapproval of the police action. Some of those groups were mobilized by appeals issued by specially organized instigators and by rumors of "atrocities committed" by the police during the evacuation action, including hundreds of fatalities and injuries (files 501, 502, and 630).

About the same time, two groups of about 150-200 persons each appeared from the direction of Coltea Hospital: the groups were made up of workers from IMGB [Bucharest Heavy Machinery Enterprise] and ICTB [Bucharest Clothing and Knitwear Enterprises] formed at the initiative of the their managements (files 503 and 505).

The IMGB group went toward the Architecture Institute where it became involved in altercations with the students, which produced injuries on both sides, after which the IMGB group left in the direction of Victoria Avenue (files 630, 216, 226, 503, and 505).

After a while groups of youths emerged from among the demonstrators and began to throw stones and various objects at the forces of order; later they also threw Molotov cocktails which had been prepared ahead of time and brought in in the trunks of some cars (file 92). The gas for the fire bombs was syphoned from the tanks of cars parked in the area. Between 1330-1600 police vehicles and buses used to close off access streets to the square were set on fire and destroyed.

Concerning the police buses set on fire we need to clarify the extremely controversial issue of the radio communication between Gen. Mihai Chitac and Gen. Corneliu Diamandescu (indicators 52 and 53). The conversation was taped in the studio of the Contact radio station located in the Architecture Institute and a few days later

published in DREPTATEA; the conversation was tentatively transcribed to read that the fire had been set by the police according to a prior agreement with President Ion Iliescu.

The commission ordered expert criminal investigation of two samples of the magentic tape recording, one from the control tower and one provided by the NPP. The expert test revealed that the actual sense of the conversation had been distorted by means of things added, words modified, punctuation added to change questions into affirmative sentences, taking answers out of the general context, and ignoring the particularities of expression of the two parties. The above statements are necessary because the biased transcript was used for a precise purpose, namely to denigrate President Ion Iliescu and discredit the police, although the investigation as a whole proved beyond doubt that the police vehicles were set on fire by the demonstrators.

Taking advantage of the precipitated and disorderly withdrawal of the police forces from the area, groups of citizens occupied University Square. At 1700 various associations leaders, among them Students League Leader Marian Munteanu, appeared on the University balcony. Against the backdrop of the atmosphere created, demonstrators expressed various views about actions planned to be carried out, such as going to release those seized that morning by the police and those arrested during the February events. At the same time, demands were voiced to forcibly remove the government and to occupy the [Romanian] Television [station].

In spite of some calls to calm, the situation deteriorated and became uncontrollable; large groups of demonstrators left in the direction of the Interior Ministry and the Television (at 1730).

3. Targets Attacked

Bucharest Police Station, the RIS, the Interior Ministry, and the Romanian Television [station].

Bucharest Police Headquarters

Already around 1400 groups of demonstrators had gathered in front of the Bucharest Police building demanding the release of the people seized that morning in University Square and of those arrested during the February events.

The first compact group of University Square demonstrators, made up of about 150-200 persons, arrived at the police station around 1740. After about 25-30 minutes they were joined by other groups totalling approximately 500 persons. Upon arriving in front of the police building, the demonstrators clearly announced their intentions and shouted slogans like: "We want the prisoners," "Murderers," "Come out or we'll bring you out," etc. The active groups were egged on by a crowd of about 500-600 persons standing in Beldiman and Eforie Streets and shouting: "Burn them down," "Set fire to them," "Kill them" (files 436 pp 6-7 and 622 p 1).

In an attempt to defuse the tension, Colonel Tudor Patrascu, acting chief of Bucharest Police, entered into a dialogue with the demonstrators. Threatened to be dragged to University Square and turned into a "live torch," he managed—after taking the risk of going down among the demonstrators—to form a delegation of five representatives (including ROMANIA LIBERA editor Stefan Zidarita) whom he invited for talks inside the building. The subject of the talks was the release of those picked up in University Square that morning.

Although the delegation reported to the demonstrators that the detainees were not inside (files 436 pp 6-7, 438 p 11, and 623 p 2), the siege of the police continued. An attempt by Rear Admiral Emil Dumitrescu to calm the situation also failed (file 623 p 2).

As time passed the number of demonstrators increased. By about 1806, approximately 15 minutes after the talks failed, a compact group arrived on the piazza in front of the police station consisting of the people detained that morning in the square and released at the order of Gen. Corneliu Diamandescu. From that moment the demonstrators continued their attack on the building with renewed vigor (files 241 p 6; 436 pp 9, 15, and 15A; and 438 p 28).

The presence of University Square leaders and demonstrators was noted both at the Bucharest Police and around the Interior Ministry (Marian Munteanu, Mihai Lupoi, Nica Leon, Mihai Gheorghiu, Dumitru Dinca, Ioan Nemtiu, Toader Maries, and others).

Stones and fire bombs were used in the attack on the Bucharest Police and vehicles from the piazza were used to force open the doors.

As soon as they entered the building, [the demonstrators] went to work swiftly and carefully on rooms containing population, court, penal investigations, and criminal records; the telephone exchange; and the traffic control. Also destroyed by fire were the offices of the Bucharest Police chief and his deputies (files 240, 436, and 438). From the arms and ammunition service rooms were taken 112 military weapons and ammunition (23 7.65 mm Carpati handguns; eight 7.62 mm automatic pistols; 36 9 mm Makarov pistols; seven 9 mm Stechkin pistols, and 38 various hunting weapons, as well as 340 bullets (file 438). Police uniforms and internal documents were also taken from the Bucharest Police building (file 430).

The Police garage was also set on fire and 84 common law felons were released from the basement of the building.

The total damages caused at the Bucharest Police was estimated at 13,494,495 lei (file 568).

Existing documents show that in the afternoon of 13 June the police building was guarded by a small number of personnel, many of them civilian employees; altogether they and the personnel who were at the time in the building made up about 150 persons, including 18 cadres

and 20 enlisted men in charge of guarding the building. They had weapons but no ammunition, which had been taken away on the evening of 12 June (files 436 and 638).

The RIS Building

After occupying the Bucharest Police building some of the participants went on to the neighboring area, joining those who had been standing in front of the Interior Ministry and the RIS since 1700. While one large group went toward the Interior Ministry, another, smaller group, made up of a few dozens persons, concentrated on the RIS building. The event was photographed by the head of the Counterintelligence Department from the very beginning; he took more than 300 shots with a telelens (file 638 pp 2, 25).

As in the case of the Bucharest Police building, the ransacking of the RIS building assumed violent forms, in which organized groups entered the building by force. The telephone exchange was destroyed, after which demonstrators set on fire the ground floor and the transmission tunnel. The dense smoke produced prevented those who had entered the building from going on to the upper floors (file 638).

"A lot of documents were destroyed" to preclude their falling into the hands of the attackers. In spite of that precaution, the aggressors managed to take away, in addition to various equipment and objects, "some" of the documents found in the building (file 495 pp 11/5 and 11/6).

According to existing documents the RIS building was guarded by few personnel (three persons) who pulled back when the attack started.

The damage caused was at the time estimated at 65,659 lei. The damage done to the building was incorporated in the Interior Ministry estimate because the building is part of its assets.

Interior Ministry Building

Around 1830 most of the persons in the area mounted a violent and prolonged siege on the Interior Ministry. The action went on for eight hours, until about 0230, when the besiegers were forced by the intervention of armed forces to withdraw toward the city center (file 71, pp 25, 27).

The same weapons were used against the Interior Ministry (stones, chains, Molotov cocktails and slings to launch them, area cars and heavy vehicles which were hurled at the main gates, oxygen tubes, etc.) and the number of actual participants rose into the hundreds. Several thousand people were gathered around them, some of whom were encouraging the attackers and shouting slogans against the forces of order.

The main thrust of the attack was directed against the Information Bureau and the movie studio of the Interior Ministry which were completely burned down, and against the archives wing (file 71).

Regarding the form of the attack on the building, existing testimonies highlight that the siege proceeded in waves and experienced peak moments, such as when several fire bombs exploded at the same time creating the impression that a flame thrower was being used (file 71). We want to note that some of the fire bombs also contained bullets for added explosive effect, and that the bullets were not of the type used by Romanian military troops (file 332).

The Interior Ministry was protected by forces totaling 163 persons, 148 of whom were enlisted troops. The guards were armed and it was ascertained that 130 bullets were used during the defense operations (file 492).

Although efforts to actually enter the building were foiled, acts of violence were perpetrated against the personnel inside and many enlisted men were wounded. The guard personnel reacted with warning and deterrent fire, according to their statements.

As for the order to use their weapons to defend the building, leading Interior Ministry staff presented different versions: the commission of investigation concluded that the reference was to "warning fire" (files 237 and 241).

Regarding the use of fire arms it must be stressed that in accordance with military regulations this is permissible when military targets come under attack. Along this line we want to cite the opinion expressed by NLP Chairman Senator Radu Cimpianu when he was interviewed by the commission plenum on 11 October 1990: "As soon as the attacks that began around 1400-1500 in the afternoon took place, I would have forcibly intervened to stop them, no doubt about that. Would there have been shooting? When an institution like the Prefect's Office or the Interior Ministry are attacked by force, whatever may be inside, it has to respond with force and to use weapons if necessary, and if I am politically responsible for this country no one in this world can question me about this decision."

According to the evidence available, already at 1730-1800 the Fire Brigade Command attempted to intervene to put out the fires started (also at the Bucharest Police building) in response to calls by citizens whose homes were in danger. The firemen's actions were not sufficiently vigorous and determined, and that permitted the demonstrators to obstruct them (files 319, 438, and 687).

As of 1830 troops of the National Defense Ministry went into action in the vicinity of the Interior Ministry (file 70). In the absence of a preestablished plan, the means used were inappropriate and the tasks received could not be carried out. The troops' inefficiency was compounded by the demonstrators' attacks, beginning with attempts to draw the troops to their side and ending in actual assaults upon them (file 71).

Troop reports showed that large groups of demonstrators were armed with blunt objects and that some of the attackers even had firearms, which were confiscated (file 231).

Around 2345, attempts were made to spread tear gas from a helicopter to help the troops in their operation, but the attempt failed to produce the desired effect.

In the Interior Ministry area detachments of Defense Ministry troops were given ammunition only at 2300, which they used to fire warning shots while being subjected to direct attacks.

Around 0130 on 14 June, in the wake of actions by troops of the National Defense Ministry, the groups of aggressors were compelled to withdraw to the central city area (around the Romarta Copilor and Delta Dunarii stores), where they continued to perpetrate acts of violence against troops and tried to set fire to the Central Army House.

In that area, too, weapons were used only by the Army; according to some evidence available, shots were also fired from places other than where the troops were stationed (files 93 and 373). Those were the circumstances in which two civilians were shot, one of whom later died.

According to Interior Ministry estimates, the material damage caused came to 4,519,700 lei.

Romanian Television Building

As of 1730 groups of demonstrators began gathering around the Romanian Television building and by 1930 their number came to about 1,000 persons.

The demonstrators around the Romanian Television were divided in several groups: aggressors, persons who instigated actions against the building, persons who came to defend it, and persons who were expressing disapproval of the violent actions of the first group.

It is difficult to correctly estimate the size of those groups, which at some points became intermingled.

In spite of the fact that the building was defended by 325 troops and 15 armored personnel carriers (without ammunition), some of the demonstrators climbed the fence and entered the building where they proceeded to destroy and steal items all the way to the upper stories, and tried to assassinate the chairman of the Romanian Television.

The aggression was also favored by the passive attitude of the Interior Ministry troops: one significant incident along this line was the action of one officer, who showed an empty magazine to demonstrate that they had no ammunition.

Groups of citizens who had come to defend the public institution both on their own initiative and in response to radio and television appeals, including a communique

issued by the president at 1740, became involved in very violent altercations with groups of attackers; knives, iron bars, and clubs were used and many people suffered serious wounds. Against the backdrop of these events, the Romanian Television building was attacked with stones and fire bombs.

Around 200 persons penetrated the corridor of Studio 4 and tried to persuade those inside to open the armored door while attempting to force it open. The declared purpose was to gain access to the national station and address the country. At the same time, other persons were attacking and threatening the Radio and Television chairman and some of his aides. Under the pressure of the situation, several requests came from Studio 4 and from Romanian Television management (the chairman and the director general) to stop broadcasting, which occurred at the order of Minister Stehian Pintilie around 2025; the editors present in Studio 4 did not warn the viewers nor did they provide the necessary information about the interruption or resumption of broadcasts.

Although many of the guard troops were subjected to aggression, they did not respond in any form. The television station was cleared only at the belated intervention of paratroopers and broadcasting resumed at 2135.

Attacks on the building continued until about 0130 on 14 June; one person was stabbed to death; the victim was one of the civilians who had come to defend the institution.

Following the intervention of the troops stationed in the area, by 0200 the threat of occupation of Romanian Television was removed.

According to the Romanian Television management, the damages caused came to 8 million lei and \$1 million, according to estimates made a few days after the events.

Military troops continued actions aimed at clearing the center of Bucharest until 0830 on 14 June. In the area of Republicii Blvd., Armeanasca and Spatarul St., Hotel Modern, and Rosetti Square the evacuation operation was overseen by Deputy Prime Minister Gelu Voican Voiculescu, according to his own detailed account. On that occasion the police arrested several aggressors who took refuge in the yard of the Armenesti Church or in entrance halls and staircases in apartment houses along Republicii Blvd. (file 339).

4. 13 June Events in Harghita County

According to the commission of investigation dispatched to Harghita County, on 13 June 1990 the Municipal Police of Miercurea Ciuc was attacked and ransacked by about 50-60 persons who had come from a demonstration that at its peak numbered 1,800 people.

That demonstration had an antigovernmental and antipresidential character, as well as an overt anti-Romanian character. Aside from the customary slogans,

the demonstrators chanted slogans like: "Get Out, Stinking Romanians," "Down With Vatra," "Now or Never," "Iliescu, Don't Forget That Transylvania Is Not Your Home," "Romanians, Go to Wallachia," "Hungarians, Show That You're Real Hungarians Now," "Miercurea Ciuc Is a Hungarian City," etc. (file 350 I, 1 p 71, 350 V, 1 p 33).

The pretext for the demonstration was that the bilingual sign on top of the Police building had been replaced by a standardized sign worded only in Romanian, with a tricolor flag, as per an Interior Ministry order. Even after the sign was changed according to the wishes of the demonstrators, verbal and physical violence continued. Some of the demonstrators threw stones, chunks of coal, and fire bombs, after which they forced the gates open and entered the building, which they ransacked. They also manhandled policemen and military men and stole two radio transmitters. Only around 0200 was the building finally cleared and the demonstrators dispersed with the aid of mountaineer troops. The damage caused to the Harghita County Police Inspectorate came to 230,801 lei.

The subcommission concluded that the violent thrust in question, which was not the only one in that part of the country, was possible because of an entire string of factors, circumstances, and attitudes rooted in ethnic tension characteristic of the area. The full report of the subcommission was filed as an annex (No. 6) to the present report.

The Situation in the Evening of 13 June 1990

An examination of the events of 13 June 1990 showed that a serious threat to public order had been created and that vital state institutions had come under attack.

Attempts to restore the operation capability of the Interior Ministry failed, as Minister Mihai Chitac had left the ministry at 1430 and his first deputy, Corneliu Diamandescu, around 1700 said he was "no longer in control of the situation and could do nothing but resign." (file 325 p 3)

As for the National Defense Ministry, General Vasile Ionel, who on 13 June was acting for the minister who was abroad, he alerted the troops in Bucharest and the vicinity at 1720, whereas the troops needed two hours to leave their garrisons.

The temporary inability of the Interior Ministry to discharge its duties and the delay in the actions of the National Defense Ministry led to a vacuum of authority and thus created an exceptional situation.

In that situation the provisional government and the president elect decided to appeal to the population to neutralize the forces out of control.

Thus, Romania's President issued a communique on television at 1740, from which we quote:

"We appeal to all the residents of Bucharest, in the name of the democracy won by free elections, to resolutely repudiate irresponsible acts of violence and to help the forces of order restore conditions of calm and legality. We call upon all conscious and responsible forces to gather around the government and television buildings to stop forcible attempts by extremist groups and to defend the democracy so painfully won." (ROMPRES communique)

The legitimacy of this appeal to the citizens by Romania's president-elect was and continues to be questioned by segments of domestic and international public opinion. To secure an educated opinion on this issue the Commission appealed to the Legal Research Institute of the Romanian Academy that advised the following:

"There is no contesting [the right of] the country's president-elect to realize threats to legal order and to call upon the masses of citizens and those interested in establishing democratic rules in the society and in consolidating legal order to intervene and respond, in whatever manner, against the aggressors.

"Moreover, such an intervention became even necessary and contributed to adopting an efficient solution to overcome the crisis created. Masses of apprehensive citizens fearing for the fate of Romanian democracy were shown a way to restore legality, namely by coming out into the streets and opposing the aggressors, thus defending the democratic and legal order."

In point of fact, independently of that communique, as soon as the attack on public institutions started, many citizens formed groups on their own initiative and acted to defend the government building.

The presence of groups of citizens in front of government buildings had the effect of discouraging possible attempts by demonstrators coming from University Square toward the Romanian Television to attack it.

Similarly, it can be stated that the presence of people disapproving of the violent acts perpetrated against the Romanian Television curtailed the scope of those acts.

Data available to the commission show that citizens from localities close to Bucharest, especially from Ploiesti, boarded various means of transportation headed for Bucharest. Thus, about 500 persons arrived between 2000-2330 and gathered in the area of the television station and Victoria Square.

The next group of 100 persons from the Sotinga mine, Tirgoviste, and the Filipestii de Padure Mining Enterprise, Prahova (about 200 people) arrived in Victoria Square between 0030-0200 on 14 June. The 300 miners came on buses (file 469 p 6).

During the same time 100 other miners came on two buses from the Albeni mine belonging to the Rovinari Combine (file 415 p 1, 417 p 1).

From Brasov a five-car train started out for Bucharest at 2310 on 13 June and arrived at 0148 on 14 June (file 94 p 3).

The largest group of people that arrived in Bucharest were Jiu Valley miners. They began to gather in front of Petrosani Town Hall shortly before 1800 (file 413 p 1), then at the train station where they organized their own departure on three trains, which they secured by cancelling others, as follows:

—Train No. 2988 arrived at Petrosani station as it was invaded by miners and was scheduled to leave for Craiova at 2052 with eight cars, to which seven others were added taken from a train that was preparing to leave for the seaside (Petrosani-Constanta route) beginning a regular run as of 13 June 1990;

—Train No. 2082 serving the Petrosani-Craiova line, arriving in station at 2010 and scheduled to return next day at 0505, was provided with three other cars from the seaside train (files 406 pp 1-2, 407 pp 1-2, and 413 p 1). Those two first trains traveled with a front-end Diesel locomotive made available by the railway workers as a sign of solidarity with the miners. The locomotive "was designed to check the railway line in case of sabotage and to preempt sabotage." (file 410 p 2);

—The third train was made of the local 2711 which traveled the Petrosani-Simeria line, arrived in Petrosani at 2154 and was scheduled to leave for Simeria at 2241. Two mail-luggage type cars left for Simeria instead of train 2711 (files 406 and 407).

The three trains traveled to Bucharest on the line of the direct train No. 242 that passed through Petrosani at 1600, for which reason they were assigned the numbers 242/II, 242/III, 242/IV and the same stops as the direct 242 (file 406 pp 1-3, 407 pp 2-3). They left the Petrosani station on 13 June at 2200, 2210, and 2306 and arrived at the Northern Train Station on 14 June at 0354, 0408, and 0438 (file 94 p 3). Approximately one fifth of the 31,000 miners employed in the Jiu Valley coal basin traveled to Bucharest (file 405 p 1).

Upon arriving at the Northern Station, the approximately 6,000 miners started walking in the direction of Victoria Square in two groups and arrived there at 0430 and 0510 respectively (file 468 p 9).

Almost simultaneously with the last train (242/IV) from Petrosani which arrived at the Northern Station at 0438 on 14 June, train No. 76/2 arrived from Galati with ten cars (file 94 p 3, 259 p 7).

Two hours later about 600 citizens employed at the Metallurgical Enterprise and the Wire and Wire Products Enterprise of Buzau arrived in Bucharest on train No. 628/2 with six cars (file 93 p 3 and 259 p 8).

They were followed by approximately 1,000 citizens from Slatina which came on the Slatina-Pitesti-Bucharest route on train No. 146/2, which

departed at 0325 on 14 June and arrived at 0745 on 14 June (file 259 p 10). The train stopped at Pitesti and additional citizens from that town got on.

Train No. 242/5 with 10 cars left from Deva station with about 1,000 persons at 0105 on 14 June and arrived at the Northern Station at 1018 (file 94 p 3, 259 p 4).

At 0700, 0800, and 0930 on 14 June trains bearing the numbers 544/2, 23/2, and 138/2 with 12 and seven cars respectively left the railway stations of Comanesti (Bacau County), Alba Iulia, and Motru (Dolj County) and arrived in Bucharest on the same day at 1235, 1908, and 1355 (file 94 p 3).

Approximately 3,500 miners came from Comanesti and Motru on two trains with 12 and seven cars; the mining trade unions of the respective enterprises ordered their transportation and paid their expenses (file 259 pp 9, 11).

Train No. 138/2 from Motru to Bucharest was formed by cancelling the local 1512 scheduled to leave for Bucharest at 0718 (file 66 p 7). Eight buses with miners left the Schitu-Golesti mine at 1400 on 14 June (file 66 p 6) and two other buses left from Cavnic, Baia Mare.

The number of miners who arrived in Bucharest as of the evening of 13 June was: 100 from Sotina; 200 from Filipesti de Padure; 100 from Rovinari; 6,000 from Jiu Valley who boarded the train at Petrosani; 2,000 from Comanesti; 1,500 from Motru; about 400 from Cimpulung Muscel; and about 100 from Cavnic. They were joined by 5,820 citizens from the most diverse social categories other than miners (Ploiesti—60 x 7 buses = 420; Brasov—5 cars x 100 = 500; Buzau—6 cars x 100 = 600; Galati—10 cars x 100 = 1,000; Slatina and Pitesti—10 cars x 100 = 1,000; Deva—10 cars x 100 = 1,000; and Alba Iulia—12 cars x 100 = 1,200). The calculation of those who traveled on rail, miners and other professional categories, was based on a maximum load of 100 person per second class car. The 6,000 estimate for Jiu Valley miners was made by the management of the Petrosani Mining Combine (file 405 p 1).

The residents of Petrosani, Deva, Brasov, Alba Iulia, Galati, Buzau, Comanesti, Slatina, and Motru were shipped to Bucharest on the basis of order notes that featured the originator, date, who was in charge of payment, and sometimes the respective account (files 259 pp 3-11, 679 pp 4-18).

According to the order notes, the transport fees were to be paid by trade unions (the League of Jiu Valley Miners and the Free Miners Trade Union of Comanesti) (file 259 pp 3,9), by the economic units whose employees they were (Buzau Metallurgical Enterprise and Buzau Wire and Wire Products Enterprises) (file 259 p 8), or by the provisional county councils of Brasov and Galati (file 259 pp 5,6,7), and the Slatina branch of the NSF (file 259 p 10).

The transport expenses incurred were the following:

- 428,929 lei for the three trains 242/II, 242/III, and 242/IV from Petrosani;
- 173,600 lei for the train from Deva;
- 42,600 lei for the train from Brasov;
- 198,175 lei for the train from Alba Iulia;
- 101,504 lei for the train from Galati;
- 37,392 lei for the train from Buzau;
- 179,220 lei for the train from Comanesti;
- 92,221 lei for the train from Slatina;
- 91,500 lei for the train from Motru, totaling 1,345,141 lei (file 94, p 3).

Of that total amount of 1,345,141 lei by 26 December 1990 the Romanian Railways received 1,204,437 lei, i.e., minus the 101,504 lei for the Galati train and 39,200 lei for the Slatina train.

According to the group travel tickets, the transportation taxes were paid by the mining enterprises of Petrila, Livezeni, Vulcan, Aninoasa, Cimpul lui Neag, Dilga, Uricani, Paroseni, Barbateni, etc., for the Jiu Valley miners (file 679 pp 4-10); the Provisional National Unity Councils of Counties Deva, Brasov, and Alba (file 679 pp 11-13); the Glass Enterprise and the Wire Enterprise of Buzau (file 679 pp 15-16), and NSF Olt branch for the train that served the Slatina-Bucharest line on 14 June (file 679 p 17). The document did not state who paid the 91,500 lei for the train from Motru (file 679 p 10).

The legal regulations for supplying and running trains are established by the Local Travel Tariff (TLC) and Running Instructions 5-A. Articles 17 and 19 of the first regulations establish reservation and payment conditions for special trains. Trains have to be ordered at least three days before departure (TLC art. 17 and art. 20 paragraph 2). However, that regulation was not observed under pressure by the persons who were seeking to travel to Bucharest (files 406 p 1, 600 pp 3-4).

The regulations for running additional trains are given in Running Instructions 5-A article 6, which reads: "Permission for running additional trains is issued by: b) [letter as published] The management of the Regional Railway Authority in charge of passengers and freight trains running solely on its own lines; c) The MC and TC directorates in charge of passenger and freight trains running on the lines of several railway regional authorities."

Those regulations were observed (file 406 p 1; 407 pp 1,2; 524 pp 9,10; 600 pp 2-4).

Regarding the so-called "presidential decree" mentioned by EPOCA of 24-31 January 1991 in relation to the transport of 4,000 miners for the purpose of restoring order in Bucharest, such a decree did not exist. The idea of a "presidential decree" was inserted into telephone

message No. 502 of 13 June 1990 by Valentin Mindruta, head of the Regional Passenger Freight Authority on duty at the Petrosani railway station on his own accord to lend greater weight to his request for railway cars to travel to Bucharest (file 690 pp 1-3).

The diversity of the geographical areas from which large groups of citizens arrived in Bucharest, the diversity of their social and professional backgrounds, and the diversity of the political coloring of the members of Provisional National Unity County Councils (representatives of the NSF, NLP, NPP, etc.) who signed the travel orders clearly reflected unanimous anxiety about the fate of the structures of the democratic state in the process of being established in the wake of the 20 May election, and illustrate the speed at which the people's spontaneous reaction became organized.

V. The Events of 14 and 15 June 1990

Numerous reprehensible actions were committed in Bucharest on 14 June and into 15 June. Hundreds of people were indiscriminately seized and arrested in the streets, many of whom suffered insults to their dignity and physical injuries.

The homes of gypsy families were illegally entered, some of the occupants were molested, and objects belonging to them were confiscated.

The offices of major opposition parties, associations, and newspapers and the residences of political figures were ransacked.

Forcible entry was effected into the University of Bucharest and the Institute of Architecture, students were maltreated, and material and cultural items were destroyed.

Among the authors or instigators of these events were groups of miners and other persons from the provinces, groups of Bucharest residents, and representatives of the police forces, while the victims were Bucharest residents suspected of having participated in the previous day's attacks; students; Gypsies suspected of profiteering, and anyone who protested the actions of the above mentioned groups.

These reprehensible actions were brought about by the events that occurred in the first few hours of 14 June.

Around 0230 the Army managed to disperse the groups who had attacked the Bucharest Police building, the Interior Ministry, and the television station and a small number of those who attacked the station were arrested. The other groups of demonstrators had also been dispersed. Nevertheless, small groups of protesters remained in various points in the vicinity of University Square, in the University, and in the Architecture Institute.

There was a possibility that during the day of 14 June persons who had participated in the violent actions might regroup and attempt to cause fresh disturbances in

the city. In view of the increasingly massive presence of groups of people from the provinces, attempts were made to channel them into helping the Interior Ministry and Defense Ministry troops in their efforts to remove the remains of the cars burned in University Square the previous day.

The miners went to the University Square area, where the first clashes occurred with the citizens who were there. From that moment, efforts to guard and clear the area degenerated into a chaotic punitive action. Their leaders lost control and some became involved in the miners' punitive actions. Some citizens also engaged in inciting [to riot]. Evidence filed with the commission indicates both reprisals carried out by miners and instances in which miners protected persons maltreated by police or other citizens. Nevertheless, the most numerous and most violent reprisal actions were carried out by groups of miners.

Profiteering as an antisocial manifestation massively proliferated after the Revolution and became a phenomenon that the police did not manage to stop. This circumstance engendered dissatisfaction among the majority of citizens. The actions perpetrated by miners and citizens against Gypsies—certainly reprehensible in their illegal character—cannot be interpreted as punitive acts based on racial criteria, but only in the context of the Gypsies' involvement in illicit business (profiteering, hard currency operations, vagrancy, and so forth). Persons from other categories of the population who practiced profiteering were subjected to the same treatment.

The commission established that on 14 June 1990 the offices of political parties, associations, and public institutions were illegally entered, persons found there were attacked, and property and items were taken away from some of them. Similarly, the homes of some persons were illegally entered and property was stolen or destroyed.

The commission has testimonies and proof that the central offices of the NPP and NLP and the buildings of the University and Architecture Institute were ransacked in the night of 13 to 14 June 1990 before the miners' arrival in Bucharest by groups who have to this date not been identified (files 386, 495, and 630).

Inventories of offices and homes illegally entered lead to the conclusion that they all belonged to groups or persons suspected of being in some way involved in the 13 June 1990 events. Most affected were the offices of the NPP and NLP, their branch offices in Districts 4, 5, and 6; their newspapers; the buildings of the University and the Architecture Institute; and the offices of the Students League in the Law School building.

The following items were found when the central NPP offices were entered: several gasoline containers, syringes and uppers, and a radio receiver-transmitter (files 382, 543, and 630).

Aside from the offices listed here, the premises of the following bodies were also illegally entered and ransacked: the Free Democratic Party, the League of Women, the Students League of the University of Bucharest, the tourist agency Rotta Roumain Tour, UMRL, AFDP, the newspapers DREPTATEA and VIITORUL, the magazine BARICADA, the 21 December Association, and the Romanian Writers' Association.

Illegal entries were also effected into the homes of political leaders Ion Ratiu and Corneliu Coposu, where property was destroyed or stolen. Similar acts were carried out in the apartments of two private citizens located in the same building as the NLP branch for District 5.

ROMANIA LIBERA released a communique on ROMPRES to the effect that the miners ransacked its offices. In fact, available evidence shows that the newspaper offices were not ransacked and that the miners did not enter there. On the morning of 14 June 1990 the office had to deal with a protest demonstration by workers employed in the printing department (mostly women), who entered the premises and molested the secretary. At 1100 a group of miners showed up: without proffering any violence, the miners had a talk—in the presence of Defense Ministry Officer Marincaș—with Deputy Chief Editor Corneliu Vlad; their leader Camarasescu conveyed an ultimatum demanding that the newspaper stop appearing. The next day Prime Minister Petre Roman called the editorial office requesting that the newspaper be published, but the newspaper did not come out before 19 June 1990 because the workers refused to print it as a protest against the paper's politics (file 597).

The statement made by the newspaper management that the printers refused to bring out ROMANIA LIBERA because of the miners' threats against the printers was unfounded.

The responsible bodies are conducting investigations in connection with all these occurrences but it is difficult to bring legal suits because of insufficient evidence given by the legal bodies that suffered damages, and because of the complexity of the motives. One significant fact along this line is that the last property inventory made at the University of Bucharest is 10 years old.

The commission's investigations revealed that the groups of miners were led by their own leaders. Various Bucharest residents joined groups of miners and encouraged the most aggressive among them. It could not be ascertained that officials or members of the former Securitate escorted groups of miners to various offices or residences.

Police cadres and cadres of the National Defense Ministry were present at some of the miners' actions and picked up for identification purposes persons suspected of being connected to the 13 June 1990 events.

On 14 June 1990 groups of miners, at times accompanied by representatives of the forces of order, confiscated large quantities of side arms, firearms, ammunition, and blunt objects from many persons and groups of persons, which they were carrying on them or in various vehicles. The confiscated materiel was taken to the offices of the Interior Ministry and the government; unfortunately, reports were not written in every instance, and nothing is known of the reports that were made (files 113, 135, 142, 147, 227, 246, 249, 356, 367, 630, 639).

According to investigations to date by the responsible bodies, persons not belonging to the groups of miners went into action among them, some of whom (seven) were identified and sent up for trial. For example, it was ascertained that Ion Nicolae, Corneliu Dumitrescu, and Petre Donciu entered Mr. Ion Ratiu's apartment illegally and stole \$100,000 and other items; the first two were former police cadres.

Investigations are underway concerning miners who committed thefts. As an example we can cite the case of Ion Nutu from Petrila, apprehended with two cameras. According to the Prosecutor's Office and the police, it is difficult to bring legal suits in such cases because the perpetrators reside in various parts of the country.

Note that the leaders of the Jiu Valley miners interviewed by the commission of investigation distanced themselves from the illegal act committed by some miners and requested that persons proven to have engaged in ransacking and theft also be "put on trial in their presence." (file 406).

According to evidence provided by the Prosecutor's Office, complaints were lodged by 60 persons, 48 of whom filed claims for civil damages.

The damages are for stolen money or property. On the other hand, the claims are for damages suffered in the wake of temporary incapacity to work.

Some of the persons attacked and who suffered damages were Gypsies; investigations to date failed to establish who were the persons directly responsible because even the damaged parties cannot provide information on the perpetrators in the concrete conditions in which the events occurred.

No complaints were lodged either with penal investigation authorities or with the commission about rapes or deaths caused by the events of 14 and 15 June 1990, although some publications groundlessly mentioned such cases.

The deeds cited under this chapter took place especially in the center of the city, at metro exits, and in squares. Only isolated cases were reported in other areas.

During the days of 14-15 June the groups of miners received material support from the National Defense Ministry, the Interior Ministry, Bucharest Municipal City Hall, the government, and various economic—particularly commercial—organizations.

Various means of transportation belonging to the Ministries of Defense, Interior, and Transportation were put at the disposal of the miners to take them to Bucharest; in addition, drivers of state vehicles volunteered their services.

The consequences of the actions perpetrated by some groups of miners and the persons who joined them were serious because:

- Although there were no fatalities, a considerable number of people suffered injuries and their health or physical condition were threatened;
- Human liberties and dignity were seriously affected and civil rights were violated;
- Considerable material and emotional damage was inflicted on institutions and private citizens.

The commission estimated as particularly grave cases in which innocent people were molested simply for not carrying identity papers on them or for refusing to produce them.

Equally grave was the fact that many people were deprived of their freedom, being unceremoniously picked up in the street by miners and kept at police and gendarmerie stations without any legal forms—for durations ranging between a few hours to six or seven days while prosecuting authorities delayed deciding on their involvement in the events.

Beginning on the night of 13-14 June and throughout 14 and 15 June, the forces of order, military men, miners, and various citizens picked up persons suspected of participation in the events of 13 June or who, according to their judgment, could have posed a social threat.

One factor that considerably contributed to escalating the violence were the insults and invectives addressed to the miners by Bucharest residents (moles, rats, barbarians, etc.), the violence to which some of them were subjected—21 miners were injured—and the fact that the miners were incited to brutal actions (files 408 and 410).

According to evidence available to the commission, in the wake of those actions, 1,021 persons were brought into the Magurele gendarmerie station and the Baneasa police station, some of whom were molested either on the way, or at the Bucharest Police, the Interior Ministry, or at the police stations from which they were being transported. According to reports by some of the persons in question, acts of brutality occurred at the two above mentioned stations, too. In general, the conditions prevailing there were an affront to human dignity.

Out of those 1,021 persons 182 were put under preventive arrest on the basis of the evidence available at the time. The others were allowed to go home after their identity was checked; contravention reports were filed by the police against some of them, while others were further investigated after release.

In the case of the 182 persons under preventive arrest, in the wake of penal investigation the Prosecutor's Office sent 77 accused to stand trial for felonies such as assault, ransacking, illegal entry on the premises of institutions, theft, or possession of arms.

Fifty-eight defendants sent to stand trial for assault or illegal entry on the premises of institutions were released by the courts while their trial continues.

For the remaining 21 persons charged with aggravated felonies (theft and possession of arms) the preventive arrest was upheld by the courts.

Another 17 defendants (of the 182 initially arrested) who were declared not responsible for their deeds by psychiatric experts were exempted from penal prosecution and subjected to medical measures.

The remaining 88 defendants under preventive arrest were released by prosecutor's authorities for previous good behavior and because their acts did not have serious consequences, while investigations continue.

Investigations are being carried out by the Military Prosecutor in connection with 24 complaints regarding police brutality or abuses committed on 13-15 June 1990 or at detention facilities.

The groups of miners ceased their actions in the wake of intervention by state authorities, including President Ion Iliescu, pulled out of Bucharest, and left for their homes.

Concerning the repeated claim that President Ion Iliescu allegedly incited the miners in his speech on the morning of 14 June in Victoria Square to acts of violence against Bucharest residents and that he thanked them in the speech he made in the afternoon of 15 June, it must be pointed out that this is a tendentious, patently denigrating claim. In reality, on the morning of 14 June President Ion Iliescu tried to convince the miners that their presence was superfluous and, in the face of their negative response, he asked them to show a civic spirit by offering a reasonable, sane, and humane presence in University Square: "Please do everything possible to eliminate excesses and bloody acts. You must provide the necessary protection against all the extremist elements that may appear in this area." (file 545 p 2) That exhortation was repeated on national radio at 0730 after the first reports had come in about acts of unremitting violence (file 677 p 58). President Ion Iliescu's 15 June speech to the miners must also be examined in the context of the 13 June crisis; thus, on the one hand he had to thank the miners for their gesture in coming to Bucharest on their own initiative at a dramatic moment in support of institutions of the legal state, but on the other hand he had to seriously call their attention to the need to observe legality while restoring order, something that he clearly did: "We must do so wisely and while observing all internal and international laws. I fully understand your indignation. Your emotions are healthy and people's common sense is never wrong, but as for the manner in which we will proceed, please support us and

let us proceed wisely." (file 618) We must point out that the speech in question convinced the miners to leave Bucharest.

VI. Effects of the Events. Victims (Fatalities and Injuries). Material Damages. Consequences

Aside from the serious economic, social, and political consequences of the events of 13-15 June, they also made victims who suffered injury to their physical condition, health, and life.

The most serious fact was that six people died during the events: Four were shot to death, one was stabbed with a cutting instrument, and the sixth died of pathological causes.

1. Victims

The commission of investigation gathered evidence on the existence of the following victims:

1. Valentin Velicu Mocanu, 22, Bucharest resident, 103 Ducesti Ave, District 3, an employee of the Romanian Optical Industry; brought in shot to death at the Emergency Hospital Clinic at 1940 on 13 June from the Interior Ministry area;

2. Mitrita Lepadatu, 25, resident of Bucharest, 8 Novaci St., Building P 57, Entrance 2, Apt. 63, District 5, watchman at the Bucharest Mail Transportation Directorate; brought in shot to death at the Bucharest Municipal Clinic Hospital at 1940 on 13 June 1990 from the Interior Ministry area;

3. Dragos Drumea, 30, resident of Bucharest, 3 Barajul Dunarii St., Apt. 209, District 3, an employee of Alimentara Local Trade Enterprise in District 3, brought in with a gunshot wound at Coltea Hospital at 0320 on 14 June from the Romarta Copiilor area; later transferred to Dr. Gh. Marinescu Hospital where he died on 15 June 1990 at 1130;

4. Gheorghita Dunca, 40, residing in Bucharest, 1 Padurea Craiului, Apt. 84, District 6, unemployed, brought in with a gunshot wound to the Interior Ministry Hospital at 0345 from in front of the Interior Ministry on 14 June; was transferred to the emergency Clinic Hospital where he died on 15 June 1990 at 1130;

5. The last person who died, by stabbing, was brought to Coltea Hospital on 14 June 1990 at 0200; hospital records show that he was picked up in the Romanian Television area at 0130. Was later identified as Vasile Ionita, 43, without occupation, residing in Bucharest, 22 Radu Constantin St., building 24, Entrance 1, Apt. 15, District 5.

A sixth death was reported, namely Nicolae Suciu, 58, Bucharest resident, 4 Alea Barajul Sadului, 8th floor, Apt. 124, District 3, an employee of the Design Institute for Light Industry in Bucharest, picked up in the area of the Architecture Institute and immediately brought in dead to the Bucharest Municipal Clinic Hospital at 1000

on 13 June. The forensic examination established that Nicolae Suciu died of a myocardial infarction due to pathological causes after consuming alcohol.

Among the persons shot, one had a gun pressed to the right side of the head, while the others were shot from outside the range of action of secondary shooting factors (file 280).

All the deaths occurred in the wake of injuries sustained on the day of 13 and the night of 13-14 June before 0300 (four of them occurred immediately, one eight hours after hospitalization, and the last 48 hours later). The medical treatment applied in the last two cases had no effect on their serious condition.

Prosecution authorities are investigating the conditions and circumstances in which the five persons met with their violent deaths.

Investigations to date have failed to establish all the circumstances apt to lead to the identification of the perpetrators. Thus, concerning the persons shot to death it still remains to be clarified whether they died of shots fired by military men or by persons illegally using firearms seized in the course of the events. As for the person stabbed to death, since the medical facility failed to record the identity of those who brought the body in, the place and circumstances of the death are still not known with any certitude.

Documents made available to the commission by the Bucharest Municipal Medical Directorate show that 542 persons came to receive medical assistance on 13-16 June; 139 were hospitalized for various lengths of time and the rest received ambulatory treatment (file 204).

We want to point out that it is difficult to establish exactly how many persons suffered injuries because some of them did not come for medical treatment, while others gave false names or addresses.

Note that in some cases, transferred patients were recorded twice or three times. It was also ascertained that some injuries (six) had nothing to do with the events. In one case there was even an attempt to dissimulate a murder committed in Giurgiu; initially, family members declared that the victim had been killed in the area of the television station on 13 June in the evening, but investigations later revealed that the victim had been attacked at home in Giurgiu by a relative.

We included this note to emphasize the complex nature of the verifications required to establish the truth in each individual case.

Analyses revealed that of the total number of people injured, 31 percent sustained lesions on the day of 13 June and the night of 13-14 June, 48 percent on 14 June, and 21 percent on 15 and 16 June.

As for the victims of injuries, the majority sustained lesions from blunt instruments and blows; however, cuts occurred too, from knife-type objects, broken bottles, glass fragments, etc.

Of the 139 persons hospitalized, 75 percent were released in the first seven days, 15 persons after 14 days, and by 25 July only one person was still hospitalized.

Among the persons who sustained bodily injuries on the day of 13 June and the night of 13-14 June, 70 were troops who went for medical treatment; of those, 31 belonged to the Interior Ministry and 39 to the National Defense Ministry.

The majority of troops injured were on duty in the vicinity of the television station, Interior Ministry, University Square, or adjacent areas. Additional troops sustained light injuries that did not require hospitalization (files 626 and 627).

On 13 June when University Square was evacuated, only two hunger strikers were found in the tents in front of the National Theater; they were taken to the Emergency Hospital but refused to be hospitalized (file 53).

We want to point out that during the hunger strike all those who adopted that form of protest had medical supervision and were periodically checked by medical personnel and special labs.

As of 1 May 1990 medical care for the hunger strikers was provided by one, later two ambulances of the Bucharest Municipal Medical Directorate with a nurse each.

Volunteer physicians came later: Camelia Doru and Dragos Niculescu, and psychologist Alexei Florescu, who were also accepted by the hunger strikers.

On the first, second, fourth, fifth, and sixth tests glycemia levels ranged between 62-120 mg, the 19 May test and subsequent ones showed lower levels (25-70 mg), the majority being around 40 and 30 mg.

As of 16 May samples were collected with a special device straight from the strikers' tents by the above-mentioned physicians.

After long periods of hunger strike, when their condition became dangerous, the Health Ministry intervened to hospitalize them, but refused to allow the strike to continue in the hospital. In those conditions, instructions were given to administer glucose infusions in the tents.

Toward the end of May a "hunger relay race" was organized whereby strikers took turns and their number dropped (by 28 May there were still 12 persons on hunger strike with glycemia levels between 35-80 mg).

On 11 May the hunger strikers issued a communique listing 19 persons, but only 13 signed it.

On 18 June Dr. Dragos Niculescu reported to the Health Ministry that he had examined 11 persons on hunger strike who had stopped the strike and were in good condition (files 56 and 455).

2. Material Damage

According to the data communicated to the commission of investigation in the wake of the 13 June events Romanian Television suffered losses totaling 8.31 million lei and \$1.01 million in terms of damages to the building, destruction of furniture and inventory property, losses in the film library, and electronic equipment.

Regarding these damages, Romanian Television is one of the civil parties in the penal trial filed with the Bucharest Municipal Court and currently being tried, where it registered claims of 5,073 million lei or \$1.01 million. Other civil parties in the same file are Bucharest Supplies, Sale, and Hotels Enterprise whose cafeteria inside the television building was damaged to the tune of 99,493 lei; Bucharest Bookstore Center with claims for 140,293 lei; and Grivina Rosie Clinic Hospital with 3,163,000 lei damages done to its medical facility inside the television station.

The commission of investigation noted the damages caused at the NPP offices on 13-15 June 1990: \$215,100 and 183,200 Belgian francs in destroyed equipment, \$587,570 missing in cash, and 1,174,250 lei worth of destroyed assets and inventory items. The Prosecutor's Office has been notified of these claims.

The responsible state bodies have also been notified of the following additional claims: the Architecture Institute in Bucharest with damages totaling 700,860 lei; the University of Bucharest with damages totaling 4,671,517 lei; the 21 December Association, UMRL, and the Romania Branch whose damages were not communicated to the commission of investigation.

Information presented to the commission also showed that on 13-15 June 1990 material damage was also done in University Square to buildings located at 1 Domnita Anastasia St. and 35 Eforie St., to the Interior Ministry and the Bucharest Municipal Police Inspectorate in terms of broken or destroyed items and vehicles totaling 47,171,232,000 lei.

In view of the fact that at the time of the deplorable events of 13-15 June legal state institutions were in the process of being established, the question that must be answered is: What are the guarantees that such events will not be repeated?

From this viewpoint we want to stress the fact that since those events, vital state institutions have been established and are operating consistently and in keeping with the principles of separation of powers in the state, and that an important number of laws have been passed promoting the principles of democracy and respect for basic human rights and providing a foundation for the process of transition to a market economy.

Among the elements of a state of law achieved in Romania during the June 1990-January 1991 period we cite:

- The election and operation of a Parliament in which more than ten political parties and all the coinhabiting nationalities are represented;
- The institution of the presidency was organized;
- A government approved by Parliament was formed and work began on reforming the institutions of the executive branch;
- The theses of Romania's Constitution were hammered out and published and will soon be discussed by the Constitutional Assembly;
- Among the guarantees for the development of a democratic life are the organization of frequent contacts between governmental institutions and representatives and the Parliamentary and extraparlimentary opposition, the dialogue between the government and trade unions, and the adoption of social measures designed to attenuate sources of conflict, etc.
- The adoption of a considerable number of laws ensuring that Romania is advancing along the path to a democratic society and a market economy: the law on commercial companies, the law on social protection and unemployment relief, the law on incentives for foreign capital investment, the law on incentives for domestic economic factors, the law on penal code amendments, the law on the organization and operation of the Interior Ministry, the law on administrative conflicts, etc.

Special Parliament commissions have endorsed bills on national security and on the organization and operation of the RIS.

The Romanian Parliament repealed a large number of unpopular laws specific of the communist dictatorial regime and ratified dozens of international treaties and conventions during this period that permit Romania's integration in the European and international community.

VII. CONCLUSIONS

A. Interpretations

1. Violent events took place in Bucharest and other localities in the country on 13-15 June 1990 in which groups of citizens and troops of the Interior Ministry and the Ministry of National Defense were involved; the events ended in fatalities, injuries, and great material damage and caused tension in internal social and political relations, as well as badly affecting Romania's international image and that of its institutions.

2. The 13 June 1990 events took place in certain favorable conditions stemming from the specific character of the transition from a communist totalitarian state to a

legal state, a period marked—as in the other East European countries—by social convulsions and tension, and from the provisional character of the leadership between the 20 May election and the installation of the new state institutions.

3. Certain forces continuously endeavored to replace the existing political scene created by the establishment of the PNUC with another political scene based on pressure groups. Some of the means used were aimed at postponing and later boycotting the elections, attracting Army factions, using street demonstrations as a political tool, extending University Square-type actions to other major cities, and in the final analysis, resorting to force.

4. The University Square events became a permanent feature and unfolded in an atmosphere marked by verbal and sometimes even physical violence, and gave rise to special illegal situations: the occupation of the street and blocking traffic; disrupting public order, especially at night; public attacks on state figures; using public premises (classrooms in the University and Architecture Institute) for purposes other than teaching—all these were acts that required legal measures and made it necessary to take steps to restore order in the city center.

5. Against the backdrop of the deterioration of the University Square phenomenon, especially after the 20 May elections, the decision to have the forces of order evacuate it was legitimate. The timeliness of the respective decision for the morning of 13 June was justified by a desire to ensure the necessary climate for the opening of the Parliament session and the installation of the president-elect. The measures taken by the police and the forces of order, however, were flawed, and that led to the removal of the interior minister and the chief police inspector of Bucharest.

6. The pretext for the violent actions carried out in the afternoon of 13 June, which ended in the ransacking of state institutions—the Interior Ministry, the Bucharest Police building, the RIS, and Romanian Television—was the evacuation of the demonstrators from University Square that morning. The more profound cause of the violence was that certain political groups interested in wresting power through means other than democratic groundlessly contested the results of the 20 May elections.

The University Square phenomenon contributed decisively to creating a tense atmosphere particularly in its second phase after the 20 May elections.

The actions that led to the ransacking and occupation of institutions were of an extremist and anarchic nature and were carried out by groups who believed that they could take over the power.

7. The wide scope of the 13 June violence was made possible by the weakness and even inertia of the police forces, which in fact had been ascertained on previous occasions, too, during the provisional government period.

8. The evidence gathered by the commission revealed proofs of the implication of leading figures of certain parties and political groups in the events already since the previous period, and indications concerning the implication of political parties and groups in those events.

9. The University Square demonstrators received material, moral, and political support from both certain parties—through some of their leading personalities—and from associations, institutions, and individuals.

10. In the conditions of the state of emergency prevailing on the afternoon of 13 June, the president-elect and the provisional government had recourse to an exceptional means of defending public order: Confronted by acts of violence against vital state institutions that were gathering strength, they called on the people to stop them. In this context it has to be pointed out that the president addressed his appeals to the people, not expressly to a certain social and professional category.

11. The fact that the miners came to Bucharest in throngs was a direct consequence of the impact left by the violent events of 13 June and by the fact that the Television stopped broadcasting and it had both a civic motivation and a special psychological explanation.

12. It was noted that the miners' arrival in Bucharest contained both spontaneous and organized elements.

The organization, where applicable, was local and differed from case to case as a mechanism. In some localities the mobilization was carried out by trade unions, in others by the former local authorities—provisional national unity councils—made up of local representatives of political parties. In some cases enterprise managements initiated the travel to Bucharest.

13. The events of 13 June and those of 14-15 June are linked by a cause and effect relationship: The violent outburst of 13 June elicited a self-defense response inspired by a desire to restore public order, which does not mean that such a solution is acceptable in a state of law.

A comparison of the violence and material damage caused on 14-15 June with those of 13 June shows that, according to the data available to the commission, in the former two days there were no fatalities and the material damages were incomparably smaller than those incurred on 13 June.

14. By definition the order groups formed ad-hoc by miners and other categories of citizens did not have the capability to act according to the specific procedures of forces of order. They used violence against citizens, ransacked the offices of political parties and institutions causing important material damage, and committed acts of intimidation against newspaper managements and political personalities.

15. In the general confusion created by the interventions of ad-hoc groups of citizens, police and military forces

proceeded to pick up persons suspected of having participated in acts of violence against state institutions; some of these procedures were carried out in an abusive manner.

16. At the same time, the forces of order did not immediately intervene, as they naturally should have done in normal conditions, to detain persons among the participants in the ad-hoc groups of order—miners or other categories of citizens—who engaged in excessive violence or were guilty of law violations, and to send them up for trial.

17. Serious flaws were noted in the activities of the Interior Ministry and the forces of order on 14-15 June.

To eliminate such flaws, the Romanian Parliament legislated amendments to the Code of Penal Procedure and adopted a bill on the organization and operation of the Ministry of Interior.

We must point out that the forces of public order also confronted difficulties stemming from exogenous factors such as: flaws in the legislation in effect at the time (inadequate provisions for self-defense), lack of appropriate equipment, insufficient number of policemen, the campaign to undermine the authority of the Police institution after the Revolution, and so forth.

18. The belated intervention of the Interior Ministry troops and the hesitation with which they acted in the first phase of their intervention was explained by: uncertain information regarding the unfolding of the operation to evacuate University Square; the specific nature of setting the military mechanism into motion, which required several compulsory stages from the combat order to preparing the equipment; the psychological and emotional condition of the troops, who feared that certain political factors would interpret their intervention in a biased manner; inadequate military equipment and combat training for dealing with extremist groups; absence of a legislative framework specifying the Army's duties and how to carry them out in situations threatening vital institutions of the legal state, as was the case on 13 June.

19. On 13 June, the building of the municipal police of Miercurea Ciuc—whose population is mostly Hungarian—was attacked, ransacked, and set on fire in the same way as in Bucharest: The entrance was forced open, blunt objects and fire bombs were thrown, the premises were ransacked, policemen were molested, etc., whereby the action bore an obviously anti-Romanian character. Since the police was annihilated, order was restored only on 14 June 1990 around 0200 by troops of the Ministry of National Defense.

20. Prior to 13 June it was noted that Parliamentary members, foreign citizens, reporters, journalists, and embassy personnel were involved in perpetuating the University Square actions.

It may be concluded that the violent actions of 13-15 June 1990 were particularly serious and that they traumatized Romanian society and damaged Romania's international image.

B. Recommendations

1. Parties and political groups are advised to publicly repudiate the voluntaristic attitudes of some of their leaders and members which contravened political ethics and the principles of a state of law.

2. We recommend the drafting and adoption of a law on the status of political parties, including provisions to ban aid to organizations or actions that employ force and to establish individual and collective responsibilities, including, in extreme cases, banning from politics groups and parties whose ideology and activities impair or threaten democratic achievements.

3. The government, in cooperation with specialized Parliamentary commissions, should initiate a draft law on the organization and holding of meetings, marches, and other public events, specifying the responsibilities of the organizations and participants, the permissible duration of public events, and permissible means of intervention by the forces of order if necessary. The legislation existing in countries of democratic tradition (France, Belgium, Switzerland, Italy, England, the United States, etc.) should be taken into consideration in hammering out this law.

4. The government and the Interior Ministry management must take urgent measures to provide the forces of public order with modern equipment and materiel and to appropriately train intervention personnel. They should examine opportunities for implementing this measures in cooperation with countries that have a tradition and expertise in this area.

5. The size of the forces of public order must be tailored to needs for maintaining order and people's peace and defending their legal interests. Troops estimates must take into account European standards in this field and the specific situation prevailing in various counties (such as Covasna or Harghita).

6. A bill must be urgently adopted on the press and the audiovisual media which should, on the one hand, ensure and guarantee freedom of opinion and freedom of expression, and on the other hand regulate specific means whereby the press can be determined to provide correct public information, to exclude false information manipulation, insults and slander, and verbal violence from the journalistic arsenal, and to refrain from inciting citizens to violence.

7. We recommend to the government that, should those responsible for acts of violence and for the deaths recorded on 13-15 June not be identified, it should urgently take the necessary measures to provide full damages for the injuries sustained by victims on that occasion and by the families of the deceased.

8. Concerning the events recorded in Harghita County, the Romanian Government and other institutions involved must adopt the recommendations contained in the Harghita Report (Annex No. 5).

Members of the Commission:

—Corvin Laurentiu Bangu, senator;
—Sorin Botnary, deputy;
—Petru Burea, deputy;
—Radu Ciuceanu, deputy;
—Sergiu Cunesco, deputy;
—Mircea Cupsa, senator;
—Valentin Gabrielescu, deputy;
—Zoltan Hosszu, senator;
—Laszlo Zsigmond, deputy;
—Anton Liontzmayer, deputy;
—Viorel Lixandroi, deputy;
—Gabriel Marinescu, deputy;
—Ioan Moldovan, deputy;
—Gheorghe Muntean, senator;
—Valeriu Pescaru, deputy;
—Neculae Radu, deputy;
—Mihai Zaharia Ruva, senator;
—Sabin Ivan, senator;
—Ion Solcanu, senator;
—Constantin Sorescu, deputy;
—Iulian Stancov, deputy;
—Ion Stefan, deputy;
—Neculai Simeon Tatu, senator.

YUGOSLAVIA

Protest by Dismissed Croatian Defense Officials

Letter to President Tudjman

91BA0228A Belgrade BORBA in Serbo-Croatian
21 Jan 91 p 9

[Letter to Croatian President Tudjman from 21 dismissed non-Croatian employees of the Croatian Defense Ministry: "A Parting Full of Sorrow"]

[Text] The dismissal of 21 employees from the Croatian Republic's Defense Ministry caused considerable reaction four months ago, primarily because the list included Serbs, Montenegrins, and Yugoslavs. They sent a letter to the Croatian President, and since there was no response at all, they also decided to address the public. We are publishing both letters below.

Mr. President, first of all, receive our profound apology for contacting you through this appeal, which is the only means of informing you personally about an event and action, and, perhaps, a deplorable occurrence directly contrary to the democratic trends in the Republic of Croatia.

Since you, Mr. President, are not only one of the fundamental initiators and participants in the great historical changes, but also the highest official in the

leadership of the Croatian state, that is the first explanation of why we are contacting you, because you are the one who has to be informed about such occurrences which are fatal to the development of democratic relations.

The second reason is the lack of a choice; we actually do not have anyone to turn to as a result of the conjunction of certain factors and under the conditions we find ourselves in. It is not only too early, but also impossible, to initiate proceedings before judicial authorities because we do not have any written information, reports, or documents. Everything has been done orally.

It is therefore better, as always when the truth is involved, to state the facts so that a rational judgment can be freely reached, because those facts are not only clear, but also inexorable.

Prime Minister Dismisses Driver

They came to the Croatian Defense Ministry on Wednesday, 17 October 1990, from the Ministry of Internal Affairs, with some kind of list; actually, these were three extracts from a broader list, on which the full names of 21 people were written. Around the middle of the day and after noon, the employees on that list were informed that they were required to be present at the Defense Ministry at 1500.

The announcement to those gathered consisted of the following: They were to gather their personal effects from the office, close their desks, safes, and cabinets, return their badges, and leave the Assembly building (third and fourth floors) by 1600, as well as the auxiliary building at the Zagorje villa on Pantovcak; and they were told that they could no longer come to work as of 18 October 1990.

An accompanying explanation informed the employees that they would "retain their personal income and other rights from their employment for six months to one year."

This announcement was conveyed, under authorization from the absent minister of defense, by an adviser from the Defense Ministry, but with a comment that the announcement had come from the prime minister of the Republic of Croatia. That kind of procedure is all the more surprising because the list included ministry employees of varying status, levels of expertise, and length of service: from drivers and clerks to higher professional counselors appointed by the government and two undersecretaries who are appointed and dismissed by the government! And so the prime minister dismisses a driver in a ministry?!

Since this is happening just before a session of the SFRY Assembly, this action can be presumed to be an additional preparatory measure, i.e., a measure removing unreliable and undesirable people, or an unprecedented and unique form of suspension.

Conscience an Empty Comfort

Without going into the gravity and nature of the ethos of the awareness that has surely settled in every one of us, or into our dumbfounded incomprehension of the violent act to which we have been subjected, one thing is indubitable: Seriously injured and destroyed people have dispersed to their homes, which they no longer feel to be safe, full of sadness and concern about their families, without being able to find even a hint of a reason in or around themselves in seeking an answer to the question of why all this happened to them.

Their clear conscience remains an empty comfort for these people, but is nevertheless a clear mirror before which they can stand and look themselves in the eyes, because conscience is something human, not political, ethnic, or any third category.

There are no grounds for political unsuitability, because none of us has ever taken a stand opposing anything, in word or in deed. We accepted the depoliticization and deideologization of the functions and jobs that we performed with clear elements of professionalism and responsibility.

Mr. President, we were responsible, "experienced people," who have to know what needs to be done in the area they are working in, and not "skilled people" who determine and create policy and know why something has to be done, if we may use Mr Ladan's splendid and well-considered definition of those concepts in his translation of Aristotle's "Metaphysics."

It is obvious, however, that those and similar criteria were not used in the proceedings against us; instead, of course, a police logic about some sort of undesirability of individuals predominantly prevailed. What sort of undesirability could have been involved here?

If this has to do with competence and professionalism, positive evaluations were given previously, and there was neither time nor opportunity for new ones to be based on familiarity with our work.

Finally, one may think with reason of administrative streamlining, selection, and reduction, which have been accepted with due respect, professional attitude, and support. Let us be a "technological surplus," as it is put in the economy or public services; let us share the fate of other employees in a society that is trying to find a way to achieve economic recovery and progress; but we are confused by the fact that new employees are being hired for the vacated jobs, without any competition and without any reorganization or systematization of the Ministry of Defense.

End in Hegelian Cynicism

By appealing to a simple calculation at an elementary school level, however, one arrives at a striking result which, from one standpoint, is evident in the following: of the 21 employees, 19 are of Serbian nationality, along

with two Montenegrins and a couple who have declared themselves to be Yugoslavs [numbers as published].

The action coincides, then, with those rabid methods historically termed "pogrom," "liquidation," "purge," etc., instead of proceeding in a civilized manner, according to the regular, legal, administrative procedures inherent in a law-governed state and a democratic society.

Suppressing importunate judgments, we refuse to acknowledge to ourselves that the action taken against us, in view of its clear method, was only a consequence of the application of ethnic selection, and that we became a "technological surplus" chosen by the criterion of national identity.

Ten years ago, Mr. President, some of us were familiar with your views, brilliantly based on the strength of arguments, about the statehood of nations as the key to peace in Europe, but you have never and nowhere hinted at the possibility of recognizing ethnic exclusivism. On the contrary, you have always warned about the necessity of civilized coexistence and the fatal outcome of arguments of force in comparison with freedom and democracy.

We therefore hope that this appeal of ours, in which we are only advising you without requesting anything, will not remain unanswered by you personally and likewise by the Republic Presidency. Mr. President, do not allow everything to end in Hegelian cynicism, which, although at a high philosophical level, cannot be of assistance in this case. When he was asked whether he knew that the facts were contrary to his views, Hegel answered, "So much the worse for the facts." As living people who need to find an existential balance in the democratic state of Croatia, however, we find ourselves, in life's straits, in between facts and views.

If you consider it necessary, Mr. President, we ask that you receive and speak with representatives of the group of employees from the Croatian Defense Ministry who are sending you this appeal, and believe that such talks would be necessary.

Zagreb, 22 October 1990.

Zoran Benkovic, Vladimir Blanus, Borivoje Bogojevic, Jovo Bojic, Zdravko Cik, Sinisa Corkovic, Goran Dunic, Milihoje Jancic, Milena Kerkez, Branka Kolaic, Vidak Milosevic, Mico Mrazovac, Nikola Nestorovic, Vojislav Perovic, Miroslav Rakas, Milan Regic, Branka Saula, Mirko Todorovic, Mico Vukobratovic, Nikola Zoroja, and Georgije Zivkovic.

Letter to Public

91B 10228B Belgrade BORBA in Serbo-Croatian
21 Jan 91 p 9

[Letter to the public from dismissed Croatian Defense Ministry employees: "We Do Not Want Any Sort of Sympathy"]

[Text] Esteemed editor,

We thank you for having enough understanding and responsibility to publish our letter, the appeal to the president of the Croatian Republic, and to make it available to the public so that it will cease to be private and become, as people usually put it, open. We are not asking for anything else! We are not asking for any sort of charity or sympathy, but we demand the truth, to which the public also has a right, as well as us.

Why we are interpreting the significance of our case in such a way is already clear from the content of the letter to the president of the Republic, but we consider it necessary to describe the sequence of actions and events after that letter, as well as the demands that we are making of the responsible participants in the entire case, either in deciding on or in carrying out the decisions which resulted in our being humiliated and deprived of our rights.

1. There was no answer at all to our letter, and whether the Republic president even read it in person is a matter of supposition.

We were received for talks by Assembly Vice President Sima Rajic and some deputies in the Assembly, but in response to separate appeals.

2. At the 8 and 9 November session of the Assembly, a deputy asked the Croatian Government about the incident at the Ministry of Defense, but there was no answer. Everything was so clear that an answer was only prepared for the next session, and was delivered to the deputies on 6 December 1990. That answer from the government, prepared by the Ministry of Defense, contains an unprecedented manipulation of inaccuracies and falsehoods, and deliberately keeps silent about fundamental elements of the truth.

It contains not only an amazing regenerated obsolete bureaucratic manner and *mente capitis*, but also an intolerable ignorant attitude toward the Assembly and the entire Croatian public, and especially toward the deputies who raised the question. We therefore sent a protest to the president of the Assembly and to certain republic officials, in which we stated the correct information and facts, with a demand for an exact verification through a commission or an official investigation, whichever would be considered suitable.

Hiring Without Competition

3. In the meantime, the employees dismissed from the Defense Ministry received some sort of written decisions, which are based on the elimination of the jobs, i.e., on administrative streamlining, while new employees have been hired by the Defense Ministry without a reorganization and systematization of jobs, without a competition, and without the professional conditions required to perform the work.

The employees have already received a negative response to their demands addressed to the Minister of Defense that their rights be protected, and so proceedings before judicial authorities are pending.

4. At a press conference at the end of October, the president of the Republic stated, in response to a question from a journalist, that "It is not proper that certain employees of republic bodies secretly sent Belgrade and Knin strictly confidential information on decisions by the Croatian leadership." Although not specific with respect to the perpetrators, this accusation is extremely serious, as we do not have to explain, and actually affects all employees dismissed from the Defense Ministry until the truth is proven in a possible investigation.

The employees expelled from the Defense Ministry have already felt the effects of such an accusation broadcast in the daily news report on Croatian television. Thus, on top of that unprecedented forcible removal from their jobs, serious doubts have been raised about them and they have been branded in the eyes of the public.

The suspicion of supplying information was also stated by Defense Minister Martin Speglj on Croatian television on 24 November; this was also published by VJESNIK on 25 November 1990, with incorrect information about the ethnic composition of the employees, i.e., the ones dismissed.

5. In this whole time we have not addressed the news media while we are properly and fruitlessly waiting for answers in legal proceedings and from the responsible state authorities. Only one employee sent his own letter to the press; this has partial significance for keeping the public informed.

In the Interest of Democracy

For the time being, those are all of the more significant facts, as a result of which we are presenting the following

demands in the name of truth, the protection of human rights, and public information:

- We request that the minister of internal affairs or his deputy explain their role in the proceedings conducted in the expulsion of employees from their jobs on 17 October 1990, on the day of a session of the SFRY Assembly.
- The minister of defense must state the reasons for the initial disassociation from that incident occurring in the republic body for which he is responsible to the Assembly, the government, and the public. The deputy minister of internal affairs was present in his office, while police, in a "civilized" manner (not in uniform), stood by in reserve while the employees were being expelled from their jobs.
- The prime minister of the Croatian Republic will surely not allow violence and violation of legal regulations to be conducted in his name, and without a decision by the government, anywhere in the republic, even in the highest bodies of the new democratic state. According to the information we have obtained, a meeting of the government was not held until 25 October 1990. It is therefore obvious that it is necessary to clarify the role and participation of the prime minister, in whose name the entire proceedings were conducted.
- We repeat our appeal to the president of the Croatian Republic, by this means as well, to find time to clear up this incident, not because of our petition, which was also our first reaction to the crude violence to which we were subjected, but rather, above all, in the interest of protecting democratic relations and human rights in the Croatian Republic which he heads.

[Signed] The group of employees of the Croatian Defense Ministry

CZECHOSLOVAKIA

CSFR Koruna Convertibility Stabilizing

91CH0308A Prague HOSPODARSKE NOVINY
in Czech 8 Jan 91 p 1

[Article by Marcela Doleckova: "Koruna Exchange Rate Stabilized"]

[Text] Somewhat in the shadow of price deregulation, the first week of the year also saw the beginning of another, no less important maneuver of the Czechoslovak economy: the introduction of internal koruna convertibility for enterprises. Did enterprises greet the first days of currency convertibility with a run on the banks?

"There was no run on foreign currency," stated Eng J. Zahradnik, deputy chairman of the Czechoslovak State Bank [SBCS], in an interview with HOSPODARSKE NOVINY. The differences between deposits and withdrawals was roughly what had been anticipated in negotiations with the International Monetary Fund [IMF]. In other words, the system of internal convertibility is fully functional for the time being. Every enterprise, whether it be government, private, cooperative, or communal can buy foreign currency for korunas in order to pay its foreign currency obligations. This ability is not tied in any way to other foreign trade activities for the firm. The only condition is that the firm be entered in the enterprise register and have sufficient koruna resources.

The exchange rate lists that are published daily indicate that there has been only weak movement of the koruna, despite the fact that the SBCS can accept fluctuations in the koruna exchange rate vis-a-vis convertible currencies of plus or minus 10 percent. In the initial period, however, the bank decided not to allow even this much fluctuation. It has at its disposal an instrument that it can use to moderate exchange rate reactions to situations of excessive demand for convertible currencies without having to devalue the koruna. This mechanism is intervention in the market by increasing sales of hard currencies from its reserves, the replenishment of which is assured. How else than through interest rates.

This year projections call for a balance of payments deficit of about 2.5 billion dollars. This shortfall represents the expected increase in demand by enterprises for convertible currencies. J. Zahradnik reported that just yesterday there was a meeting of the executive committee of the IMF concerning a CSFR request for a loan of 1 billion dollars, with the amount to be available as of 10 January. In addition, the European Community has promised a loan in the amount of 0.5 ECU [European Currency Unit] (approximately 0.7 billion dollars), and Brussels is managing an additional loan of about 0.5 billion ECU, to come from the countries of the 24-Group, which are not members of the European Community (clearly this will involve mainly Japan and the United States).

For the bank to provide for all eventualities and demonstrate to the business community the dependability of internal convertibility, enabling it to effectively moderate spikes in demand, it must also obtain access to the capital markets. Loans from this source would allow it to increase reserves, to serve as a safety valve. Because the SBCS has assured loans from the IMF, the EC, and the 24-Group, it is certain that it will receive favorable terms on the capital market. In other words, creditors will not demand excessively high interest rates.

The koruna exchange rate in the system of internal convertibility is calculated in relation to a basket of five currencies comprised of 45.52 percent German marks, 31.34 percent US dollars, 12.35 percent Austrian shillings, 6.55 percent Swiss francs, and 4.24 percent British pounds. The makeup of the basket varies with the weight of these currencies in the Czechoslovak balance of payments. The SBCS is under strict IMF control. Every week it must announce its reserves, report immediately every excessive fluctuation of demand. With all the safeguards the banking system has available, backed up by strict controls, the program to stabilize the koruna exchange rate vis-a-vis the basket of five currencies is clearly feasible.

Business Reform at Customer's Cost Author Says

91CH0308B Prague HOSPODARSKE NOVINY
in Czech 14 Jan 91 p 4

[Article by Eng. Josef Zatopek, candidate for doctor of science (CSc.): "Unhealthy Enterprise Support"]

[Text] Can some of our enterprises fail in an inflationary situation? Some time ago we answered this question in the affirmative and assumed that competitive conditions and other reform measures would start a process, whereby enterprises that are unprofitable or which operate at a loss would not survive in our market.

Mention was made in this discussion of domestic and foreign competition that would force our firms to manufacture more efficiently, bring their costs into line, improve management and product quality.

Several months have elapsed and the affirmative answer has changed rather into a negative response. It looks like the enterprise liquidation processes will not take place because these firms will be "reorganized" and then privatized with varying degrees of participation by foreign firms. For this process to proceed without significant problems the government introduced several reform measures. These measures made most unprofitable enterprises instantly profitable. And conditions are such that this profitability should only increase; at the expense of the consumer, of course.

First, in the middle of the year food prices were increased. This created an entire chain of possibilities for foodstuff and other firms to "sponge on" the price increase, taking advantage of it and in many cases misusing it. The result was that the prices of many of

these products increased by 50, 100, even 200 and more percent. The significant price increases also affected basic, nonsubstitutable products such as vegetables and fruits. Agricultural enterprises also made money on the deal because the government "assisted" them by subsidizing the excess meat production that resulted from declines in consumption, thereby assuring their profitability even under the worst operating conditions and cost structures.

Next there was the logically indefensible currency devaluation that increased the price of imported goods by 50 percent or more, followed by the recent introduction of a 20 percent import fee which will pass through totally to retail prices. Imported goods on our market will as a result sell for 70 to 100 percent higher prices, making them either inaccessible to the normal consumer, or luxuries in the best of circumstances.

The projected foreign competition and its "efficient" pressure on our manufacturers to manage themselves better and be more competitive also will not occur. Probably in order to give our firms sufficient opportunity to increase their prices without any threat to their existence. There is a reason for this, because most of our firms manufacture their products using imported raw materials or components which must be factored into their pricing decisions. They can also get away with this because of the currently increased demand for relatively less expensive domestic products.

The above mentioned reform measures were followed in short order by significant increases in the prices of fuels and energy. These measures were conceived as a way to improve the technical sophistication and structure of production, but the enterprise sphere has interpreted them in its own terms, as mainly an increase in the price of inputs.

This is because enterprises simply do not have the resources to finance the projected changes in their production programs, for making a transition to technologies that conserve energy, for the development of control and monitoring systems that might allow them to reduce certain input requirements. Such investments usually necessitate going into debt and are very capital and time intensive. This leaves them with only one alternative: requesting and implementing price compensation. This turns the price of fuels and energy into another reform measure supporting a general increase in the price level for consumer goods. This includes beer, because even though we have our own raw materials and equipment, we have to heat the breweries. The same is surely true for Christmas candles.

Producers of fuels, energy and related activities have used these prices to get on their feet, and a spiral of overall national economic inflation is developing on their shoulders. Under conditions of general social flux it takes very little for this spiral to develop fully. We do not have to go far afield for examples of inflation. It is

essential, however, to monitor and evaluate operationally effective reform programs for a market economy. What we need is a "federal" approach to dealing with enterprise profitability, as was implemented in the former GDR. This is brutal for the producers, to be sure, but relatively easier on the consumer. In our country, unfortunately, the reverse is currently true, since we have no choice.

We are doing this "our own way" because we have no one to finance the elimination of our similar obsolescence, no one is forcing us to do so yet, and no one wants to make any sacrifices. Also we are not hurrying down the path to Europe very fast yet. It is my opinion that many people are doing all they can to avoid going down this path, on the grounds that we would be better off amongst other, economically more similar neighbors. Certain government activities support this view. The political, social, and enterprise spheres are also inclined this way. There is less and less time for making rational decisions and dealing with the future of our economic and social development.

Does it matter that all reform measures currently result in increased enterprise production costs, declining labor productivity, stagnation and declines in production, restricted personal consumption and lowered standards of living for retirees and families with children, that the purchasing power of our currency is declining and stagnating in relation to foreign currencies, etc.? To the extent that our firms will be profitable even under these conditions, and to the extent that no one will force them to behave rationally in an inflationary environment and to think about the future, consumers will be impoverished. And we are still standing in front of the door of our "own" price deregulation.

Protests Against Higher Interest for Some Loans

91CH0308C Prague HOSPODARSKE NOVINY
in Czech 10 Jan 91 p 3

[Unattributed article: "Sin of the Past—Cheap Loans"]

[Text] It looks like the article by Martina Svehla of the Czechoslovak State Bank [SBCS], "The End of Cheap Loans", published in HOSPODARSKE NOVINY on 15 November hit the mark and angered many enterprise economists.

The 180 billion korunas tied up in permanent inventories at six percent interest without a payback period are an unbearable burden for banks. Consequently enterprises, beginning in January 1991, will begin negotiating payment terms for these loans with terms no longer than 10 years. There have been several responses to these new credit conditions and on the effectiveness of credit policy, and letters continue to arrive from economists.

Eng. Jaroslav Nykl from Vrchlabí Kabel again warns that reducing inventories under their conditions depends on the availability of deliveries from their own suppliers and affects their flexibility in meeting customer

demands, i.e. implementing the principles of "just-in-time" delivery in supplier-customer relations. Other important factors affecting the inventories of cable manufacturing firms are the elimination of centrally controlled prices of selected imports, and every additional koruna devaluation. All these realities not only make impossible a reduction of working capital related to inventories, but actually increase requirements. Potentially profitable firms will not be spared serious negative consequences. For example, Eng. Nykl notes that at his firm the value of all inventories is equal to not quite two months of sales. In the FRG a comparable cable firm would have finished goods inventories equal to two months of sales, and an equal amount of work in progress and raw materials.

We received a detailed analysis, supported with hard figures, from the Melnik Regional Construction Enterprise. The analysis showed that they cannot reduce inventories by increasing sales. Moreover the firm considers replacing inexpensive loans with money received for bonds sold to employees to be immoral, because it means making people pay for what was taken from them in the 1970's.

In order to respond to all of you who have not yet written, but have doubts about the elimination of "cheap loans", we again asked Martina Svehla, the author of the 15 November article, to respond to these letters. Here is her reply.

From Cheap Loans to Expensive Money

The beginning of cheap loans to finance inventories is connected with budgetary maneuvering by government financial officials in recent years. These loans allowed the working capital of government enterprises to be taken into the government budget, with the resulting gap covered by a special loan: no payment terms and a permanent interest rate of six percent.

The 180 billion korunas of these loans that are outstanding represent a reserve of demand that does not react to any interest rate changes. Eliminating these loans therefore becomes a necessary step for the federal government. The step was taken with full awareness that it would hurt many enterprises and that the government will have to participate in moderating these consequences. Here is how such loans might be worked out.

Banks certainly will not want to lose their current customers, and therefore will probably roll these loans over into new loans at current interest rates and payment terms. In this process banks will be selective, choosing those debtor firms that have the best prospects for survival.

The role of the government might take the form of a guarantee to the bank of a loan to a debtor firm, or of a subsidy to loans to weaker firms. The government will depend on the proceeds from privatization to support this program. This will also allow the government to get some firms completely out of debt, which increases their

price, and allows the government to make back the money spent on eliminating the debt.

It is important to note that these measures will not apply to all firms. Firms will be supported if they can convince the bank of their abilities, and if they demonstrate a feasible, measurable plan for future growth. This means that the reasons that a firm has gotten into trouble will not be that important. Plans for the future will be the decisive factor. The end of weak enterprises will be a lesser evil for society than the failure of stronger firms.

This is also the foundation of an "expensive money" policy that the bank will certainly institute. The price of money (interest) must be high enough for people to want to keep their money in savings accounts and so that the bank can attract only the strongest companies, those capable of using the money to good advantage, thereby allowing them to pay the higher interest rates.

HUNGARY

Large Shortfall in Unemployment Fund Expected

91CH0304E Budapest NEPSZABADSAG in Hungarian
10 Jan 91 p 8

[Article by Katalin Bossanyi: "A Seven-Billion Shortage of Solidarity"]

[Text] Labor portfolio officials again complained that the Solidarity Fund, which was established to cover this year's expenses of unemployment benefits, is seven billion forints short.

Their calculation was conservative. The seven-billion deficit corresponds exactly with 1 percent of the annual gross wagebill, i.e., with the 1 percent which neither the representatives of the employees nor those of the employers want to pay—in the form of extra social security contributions—into the Solidarity Fund which has a net nine-billion-forint budget fund at present. But not only do these nine billion forints not only do not cover this year's costs of unemployment, which is estimated to be at the 200,000 level, but the fund does not even serve the purpose suggested by its name. It is not a manifestation of social solidarity but rather a column in the budget, i.e., a special mixture of state paternalism, necessity, and the appearance of a social market economy. In the Europe toward which we are striving, the costs of unemployment are financed mostly on the basis of insurances, in a basically three-legged system. The employer, the employee, and the state all pay a share, and the latter either automatically covers part of the costs or, on the basis of written and unwritten social contracts, pays the social bill in case of a deficit. This is one reason why their market economy is social.

Our experts also wanted to begin with similar principles. While they drafted the employment bill, they also laid out the financial resources needed for the implementation of the statute. Their logic was that time is needed for

the Solidarity Fund to operate as a true insurance fund. Money must be contributed, therefore, everyone should initially contribute his or her share. This means that the fund's operation at the beginning of, and during the year should be financed from the budget but both employers and employees should also pay. The former should pay an extra 3 percent, the latter 1 percent. According to preliminary calculations, in 1991 this 4 percent would be enough to cover unemployment benefits for 200,000 to 260,000 persons, to cover early retirements, to aid young people with fledgling careers, and even a little reserve would be left in order to build a system which is based on the insurance principle.

This proposal elicited a vehement disapproval on the part of those involved. The interest groups were united (!) inasmuch that they did not even want to hear about the "extra social security burdens," as they put it. They argued, let the state pay its own "mess." The said proposal was trimmed of its fat and eventually passed. By the time the onetime state secretary presented her parliament budget report, she mentioned only 1 percent. (According to calculations, this would cover the costs of an unemployment level of 130,000 to 150,000.) Still, the interest groups refused to even talk about that.

True, this was said in a subdued voice. The representatives did not even hear it because if they had, they would have wanted to decide first on the employment bill, then on this year's social security budget, and finally, on the central budget. Thus, parliament is perched on the high dive and ready and ready to take the plunge, if there were something in which to dive.

It appears that there will not be. If all goes well, the nine billion forints will only cover the cost of unemployment up until the middle of the year. What will happen when it is gone? The interest groups believe that the government will reach into its pocket. For the time being, the government does not say anything, but I'll bet that it won't look in the central billfold because it is empty. Instead, it will raise mandatory social security contributions for both parties by say .5 percent each. It can do that. It does not need the parliament's authorization nor the interest groups' consent. And it will have the missing seven billion. The unemployed will receive benefits that are commensurate with the subsistence level, or even less. Is this the wretched happy ending with which to end the story or perhaps the resentful interest groups will call for an antisolidarity blockade? (Because they will have no other say in the fund's use, they are limiting their own rights through their stinginess, and they are expelling themselves from the negotiating process.)

I do not want to believe, nor can I comprehend that the interest groups could reject the extra contribution meant for the Solidarity Fund, which would have decreased the basis of assessment. If I were a trade union seeking legitimacy, I would have proposed the making of a "four-legged" system. In other words, in order to overcome the initial jolt, representatives of those who are still

able to work should also manifest their solidarity with the unemployed through communal contributions.

I believe that they did not consult those whom they represent. They did not say, "Do you remember, 'today me, tomorrow thee?'" Otherwise the answer would have been different than the present seven-billion-forint shortage of solidarity which could be anything tomorrow.

Agency Head Describes Approaches to Privatization

91CH0304D Budapest NEPSZABADSAG in Hungarian
10 Jan 91 p 8

[Interview with State Property Agency Executive Director Lajos Csepi by Zsuzsa Gal; place and date not given: "Privatization, Assets, Responsibility; Lajos Csepi: 'We Will Help Successful Entrepreneurs Get Into Positions of Ownership'"—first paragraph is NEPSZABADSAG introduction]

[Text] "An idyllic situation is not to be expected," said the first and onetime director of the State Property Agency with wise foresight in April of last year, referring to the ugly filth that accompanied privatization around the world. The removal of Istvan Tompe was already a sign, and it has become even more evident since then that the struggle for holdings, the outcome of which will in great part determine Hungary's future, will not prove to be a triumphal march in Hungary either. In the interview that follows, the successor, AV [State Property Agency] Executive Director Lajos Csepi, will not only reply to a few criticisms, but will also tell what new actions are being prepared on Vigado Street.

[Gal] Why do you think Istvan Tompe called the AV a property police in one of his statements?

[Csepi] The reason, no doubt, was that it has an astonishingly extensive authority. The two laws which deal with this organization and the safeguarding of state property, give us complete authority in connection with the state's productive property. We can take property away from a state enterprise, and we can appoint a commissioner to replace the director of a state enterprise. This is an exceptionally extensive authority and an exceptional responsibility.

[Gal] Is it necessary for the agency to have such authority?

[Csepi] No one has officially raised this question to me, but now that it has been raised, I will gladly give you an answer. I think the statute modification, which also put the affairs of enterprises founded by councils under our authority, is unhealthy. It would be good to change it. But we know about as many as sixteen statute modifications that affect the AV's work to a considerable extent. It is often said to me, usually during private talks, that such a concentration of power is a hotbed of corruption.

[Gal] And what is your reply to that?

[Csepi] I say, on the one hand, that monopoly is no good from any aspect, especially if it is backed up by concentrated power. On the other hand, I say that if a suspicion against anyone would prove to be true, then I would first take action against that individual and then I would resign. But, actually, I would instead like to prevent such suspicions. On 1 January all of our staff members filled out a declaration of assets, therefore, any increase in assets can be monitored. In addition, we built our policy so that every preliminary decision must be signed by three individuals. Thus, if an applicant is planning to use bribe, he must approach three individuals. Besides, this apparatus only makes decisions in cases that do not exceed 300 million forints. The value of an average Hungarian enterprise is 1.2 billion, four times higher than that.

[Gal] Who makes the decisions, then, in most of the privatization cases?

[Csepi] The Council of Directors, which is nicely balanced, makes most of the decisions. Its membership also includes three politicians of the opposition: Sandor Kopatsy, Lajos Bokros, and Laszlo Urban, its deputy chairman is Janos Martonyi, and its chairman is Ferenc Madl.

[Gal] On how many applications have you had to make a decision during the first privatization program?

[Csepi] No less than 270 experienced firms applied to manage the privatization of the 20 state enterprises. Evidently, most of them were not selected, which may have caused resentment. Since well-established and respected firms were also left out, we will launch the second privatization program not with public but with closed competition, inviting those experienced firms which submitted high-quality presentations for the first program.

[Gal] If I understand it correctly, you are suggesting that this is also a good way to avoid criticism that privatization is too slow.

[Csepi] Yes, but we also do certain things to speed up the process. Until now, there were two ways for privatization: It was initiated by either the enterprise or the AV. Now we are introducing a third one, which is initiated by the buyer. Earlier, the state enterprise was able to refuse to act on such initiatives, which halted the process. The enterprise director did indeed have a good enough reason for the refusal: Why should he let in a foreigner who will interfere with his affairs or—God forbid—even dismiss him?! This is why we are going to jointly examine, with the appropriate portfolio, whether the applicant buyer's concepts fit the concepts of the branch. If it does, then we will have the property assessment done and will publicize the bidding. Privatization may gain a new momentum this way.

[Gal] But your responsibilities include not only privatization but also state property as a whole, for example, seeing to it that enterprises remaining under state ownership for the time being will not squander state property. How can you monitor this?

[Csepi] The law says that if an enterprise sells or brings into a venture ten percent of its assets or at least 20 million forints worth of assets, it must notify the AV. In a case of continuous and extensive loss of assets, we would make a joint decision with the industrial portfolio about the enterprise's reorganization or perhaps the replacement of its director. At this point entrepreneur ownership may come into the picture.

[Gal] Entrepreneur ownership? What does that mean?

[Csepi] The number of private entrepreneurs who can prove their expertise and ambition is increasing. For this reason, we would like to combine the dismissal of directors heading enterprises that are losing assets with helping talented entrepreneurs get into positions of ownership.

[Gal] So, private entrepreneurs would be appointed as directors of state enterprises? Or they would be appointed as owners?

[Csepi] Of course, no one can be appointed as an owner. Conceivably, there are some successful private entrepreneurs who would find it an irresistible challenge to manage for a few years a previously unsuccessful enterprise—if they had the chance to do so. This would be especially attractive to them if they had the option in the end to buy the improved firm or part of it.

[Gal] This seems to be necessary, since flourishing real estate speculation is also an indication that many enterprises are selling off state assets. The reason why this concept is attractive is that it helps our own citizenry gain strength.

[Csepi] Moreover, we are motivated by the fact that there is a lot of action around two kinds of enterprises: privatization which is initiated by us or by a venture-some manager. However, there is a third kind of enterprise which sits and waits quietly. We would like to stir up this stagnant water by launching an offensive against asset losers, coupled with helping entrepreneurs get into positions of ownership.

POLAND

Petroleum Supplies Sufficient, Expensive

91EP02494 Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 9 Jan 91 p 11

[Article by Danuta Walewska: "The Oil Market in 1991. Expensive but Sufficient"]

[Text] This year CIECH [Import-Export Center for Chemicals and Chemical Equipment] will buy 13 million

tons of crude oil abroad. But it is not known how much it will cost. Unfortunately, we cannot afford to take advantage of the current drop in prices on the world market and fill our storage tanks with oil, which at a price of \$25 a barrel would cost only \$2.3 billion.

CIECH is also prepared for the pessimistic version—when those 13 million tons of oil at a price of \$40 a barrel could cost \$3.65 billion. Yet it could be even more expensive. Every dollar of difference in the price, with our level of imports, means \$95 million.

This year CIECH, as was noted during a press conference on 8 January, has decided to become independent from its suppliers, and thus have as many of them [suppliers] as possible. From the Soviet Union we are to receive at least 4.5 million tons of oil, and another 1.5 million from Norway, Iran, and the Arab countries. The heads of CIECH are not afraid that difficulties with deliveries will occur on the part of the USSR. It turns out that if we pay with real money, then we will receive commodities without delays. One million tons of oil, which was to be delivered in January, is already pouring into the pipeline and will flow out in Plock.

The director of Plock Petrochemicals, Wladyslaw Wawak, who was at the conference, said that his plant is in no way dependent on refining Soviet oil. It can, without major problems, adapt its equipment to refine Iranian oil, light Arabian, and any other oil with a low sulphur content. If we assume that conditions will be favorable (e.g., good weather, regular deliveries), Plock is in a position to refine 6 to 7 million tons of oil a year. Also there has often been talk of expanding the Gdansk Refinery and adapting it to processing about 15 millions of oil annually.

Of course, the price of oil stirred up the most emotion. Journalists asked what is happening with the money when oil is getting cheaper on the world market and more expensive on ours. CPN [Petroleum Products Center], CIECH, and, naturally, Plock swear they get nothing, while all profit is sent back to the budget. The increase in prices also brought expensive oil from the Soviet Union. Until 31 December we bought it at a price of \$3 a barrel—and now at world prices—so the difference is obvious.

Both the director of CIECH and the head of CPN hope that private importing of fuels will soon be regulated, because otherwise, they predict they, like President Bartoszewicz, will be threatened with an affair similar to Sznepagate. It is unfair for state enterprises that import oil to pay both a tariff and a revenue tax, while private ones pay only the tariff. Why, asked the director of CPN, do private importers not invest in building fuel stations? Most often, all profit remains in the hands of intermediaries, and these are enormous sums of money. We do not, said a CIECH representative, want windfall profits from sales of fuels. But let the return be reasonable, at least at the eight percent level.

Private imports of fuel in Poland total about 350,000 tons annually.

How much do private firms earn from importing gasoline? It is easy to calculate. A liter of imported fuel (98 octane) at current prices costs 2,100 zlotys [Z] (including freight). The difference in price, after covering other costs—and they are not that great—goes to the intermediary's pocket.

It is similar with the price of diesel oil. Diesel processed in Polish refineries costs Z2,600 per liter retail. But where can one buy it? Most often it is expensive imported diesel oil for sale.

The organizers of the conference did not conceal that increases in fuel prices await us this year, because here too we are to reach world prices. The price given as satisfactory was about 90 cents a liter. It is frightening to think what effect this will have on increases in other prices, the costs of energy, etc. But all indications are that a policy of cheap fuel—hence cheap industry and transportation—will not be carried out. So it will be expensive, but even with the worst scenario, there will not be shortage of fuel. Today our reserves are calculated at three to four weeks. State reserves are unknown because their level is secret.

One kind of insurance in the event of any revolution in the fuel market would be Poland's entry into the International Energy Agency, which has its headquarters in Paris. However, we would have to create our own reserve bank, which obviously we cannot afford now. The advantage of such a solution would be that we would no longer be threatened with a fuel shortage. But it appears that things are not bad in any case.

Commentary on Remuneration Law

91EP02484 Warsaw GAZETA BANKOWA in Polish
No 3, 20-26 Jan 91 p 10

[Article by Maciej Urbaniak: "Tax on Above-the-Plan Growth of Wages for Years or Months to Come"]

[Text] We are revisiting the issue of the PPWW [popisek—tax on above-the-plan growth of wages] on our pages yet again, and certainly not for the last time. One week ago, I said, discussing the legislative results of the last meeting of the Sejm last year, that the new Law on Taxing the Growth of Wages is a complex act. Having read the law attentively three more times, I have to add the word "very" to my assessment.

The Sejm had little time; I managed to observe the many conflicting interests of the deputies. As a result, we got equivocal regulations which may be interpreted in different ways.

It is hard to predict at present which interpretation of individual norms the Ministry of Finance is going to propose. Experience to date leads us to believe that it will

strive to harden the rigors of the law by way of interpretation rather than to relax them.

The new law is longer than the one last year and, due to this, more specific. It is also somewhat more liberal. Instead of two modes of setting the tax-exempt amount of wages (quota-based and in conjunction with the average wage), the second mode is adopted as mandatory.

The legislature gave up incentives to create joint venture companies at any cost. Such companies which are set up this year will be entirely exempted from the PPWW only if a majority of contributions are held by foreign partners. On the other hand, an incentive was provided for the privatization processes. All of this was done in a single provision which reduces the tax by one-half for companies set up under commercial and civil law, in which between 50 and 80 percent of contributions or shares belong to the State Treasury, state enterprises, or gminas, and reduces the tax by 20 percent for those in which the share of the above entities is over 80 percent.

Do these preferences also apply to single person partnerships of the State Treasury which have been set up on the basis of the privatization law and which still have not begun selling shares? It appears that it is so, but the answer to this question hinges on the accepted interpretation of the notion "companies established under commercial law."

The list of exceptions from the operation of the law is considerably longer in the new regulations than in the old ones. It includes joint venture companies which were set up before 31 December of last year (it is still unknown whether this means only the companies entered in the register before this day, or also those which signed a notarized agreement at the time, or also those who merely filed the documents required at the Agency for Foreign Investments), as well as the so-called enterprises of small-scale production set up before the end of last year.

Denominational corporate persons were added, as well as housing cooperatives (they will increase our rents once again), cooperatives of individuals on the condition that the amount of the contributory fund (including the equivalent of membership contributions) is no smaller than one-fifth of the asset funds of the cooperative, cooperatives of individuals with the participations of corporate persons on the condition that the amount of the contributory fund is no smaller than one-quarter of the asset fund, and the total of contributions by individuals is higher than the total of contributions by corporate persons, as well as resort and sanatorium treatment facilities, the employees of which are paid in keeping with the guidelines established for the employees of socialized health care facilities financed on the basis of an agreement with the minister of health.

Exemptions from the effect of the law for mostly (entirely?) private companies and cooperatives, as well as tax relief for companies in which the majority shares

are owned by the State Treasury, state or communal enterprises ([only] those of gminas and intergmina unions, or also communal enterprises?) are conditioned on them not resorting to monopolistic practices. A legally valid determination by the Antimonopoly Office necessitates the levying of taxes for the entire tax year (period).

The novelty in this law is in the relatively specific explanation of what is included in wages, the growth of which may be taxed, and what is not. While repeating the previously accepted formula by virtue of which all monetary expenditures, including also the cost of issues in kind or their equivalent, the law modifies its ending considerably. Previous regulations referred to including these amounts in wages on the basis of regulations on the classification of remunerations in the units of socialized economy. New regulations refer to payments to employees and other individuals in conjunction with employment by the taxpayer.

By employment the law means performing work on the basis of a labor contract, a work order, a piecework contract, an agency and commission contract, and other contracts of a similar nature. This regulation can be stretched easily.

Similar doubts also arise when we attempt to interpret the norm which exempts the following from compliance with the law: Companies set up under commercial law, and civil law companies in which less than 50 percent of the contributions belong to the State Treasury, state enterprises, gminas, and (why not "or?") intergmina unions. At first sight, it appears obvious that this provision applies to all companies which are mostly or entirely private; yet, the lawyers of the Sejm made me aware that a different interpretation is possible (and apparently promoted), namely, that in order to secure the complete freedom of payments it is necessary to have at least a minimum participation in the company by one of the aforementioned entities. It is a horror.

The enumeration of payments not included in wages, in the meaning of the law, is as long as 25 items, six of which were known from the previous law. The rest are new.

The law blocks opportunities for circumventing it by "renting" the employees of a taxpayer to another company, and paying them from the funds of the taxpayer, more specifically than previous arrangements. It also restricts opportunities for circumventing PPWW restrictions by means of payments from the social fund (two times the amount of basic withholding for this fund cannot be exceeded) and the housing fund (in this case, at the most four times the amount of basic withholding can be paid).

The technique for calculating the base, December norm of wages, which serves as the foundation for calculating the tax-exempt increment of wages for January and subsequent months, is very complicated. I am not in a position to comment competently on these regulations in

the absence of clarifications from the ministry. There are too many unknowns in them.

The seemingly uncomplicated action of division should be performed in order to arrive at the average wage following from the December norm; only based on this do we make subsequent calculations. A norm of remunerations for December calculated on the basis of regulations to date (less certain components mentioned in the provision) should be the numerator, and various versions of average employment, depending on the situation, should be the denominator. The notion of average employment calls for an absolutely new interpretation in light of the aforementioned legal definition. Such an interpretation is not available yet.

Taxpayers who paid PPWW in 1990 may increase the already-established average wage by one-twenty fourth of the excess of wages in 1990 calculated per employee in that year. As a result, it may turn out that in cases of considerably excessive [payments] last year, the tax will have to be paid for January as well, despite the fact that wages in this month will not be increased.

If calculations result in an amount smaller than 800,000 [zlotys] the amount may be increased to this level.

The mode of establishing the monthly norm of wages in January and subsequent months will not change. As has been the case to date, the tax-exempt amount will be set on a monthly basis by multiplying the norm for the previous month by the coefficient of the growth of prices in a given month and the corrective coefficient established by the Council of Ministers.

Perhaps, a more favorable arrangement was established for units which provide services as public utilities operating under conditions of restricted financial independence (they are enumerated in the annex to the law). From February on, they will use the percentage of growth of average wages in the six basic sectors of the sphere of material production without payments from profits, instead of the product of the inflation coefficient and the corrective coefficient.

The fact that the final settlement for this tax is made for a tax year (period) rather than a month is a characteristic feature of this tax. Procedures for the calculation of the norm of average wages in a tax year (period) are very essential. In this instance, the law adopts arrangements which are somewhat unfavorable for enterprises reducing their labor force. It instructs that the annual norm should be calculated as follows: $(X1 \times Z1) + (X2 \times Z2) + (X3 \times Z3) + (\text{etc.})$ divided by $Z = (1, 2, 3, \dots)$ represents wages, X represents the norm of a given month, Z (1, 2, 3, ...) represents the average employment in this month, whereas Z is the average employment during the year.

In practice, this means that in the event of a considerable reduction in the Labor force between the beginning and the end of the year this norm will be lower than it would be if the size of the labor force were permanent.

This decline is offset by an arrangement which makes it possible to increase the annual norm by an additional amount which will not cause a decline in the ratio between the reduction of wages which are counted toward total cost of operations plus gross profits, and wages which are counted toward the cost of operations in that period, compared to the ratio in the previous year.

In other words, growing profits (as well as a reduction of the deficit in the balance sheet of the company) which may be caused by a reduction in the cost of personnel may result in additional funds for wages.

However, for a majority of taxpayers this additional amount cannot exceed one-sixth of the average wage multiplied by the number of months beginning from April of the tax year. The new law replicates arrangements to date under which retroactive wage increases (for previous months) cannot be granted. However, it introduces sanctions for violating this ban (this has not been the case until now), in the form of the need to transfer to the budget, within 14 days, twice the amount of the increases granted. It appears impossible to circumvent this sanction.

The scale of taxes was established at the level of last year's scale liberalized in July. Deadlines for the prepayment of taxes and the final settlement did not change.

Taxpayers who did not exceed the norm last year but made substantial wage increases in December, due to which they incurred a tax liability in 1991, were treated preferentially. If they do not increase their wages in the first quarter of this year they will have until 28 May of this year to pay installments for the first three months.

The law is written in such a manner as to operate unchanged for several years to come. However, it is not even known whether it will last in its present form until the end of this year because the Sejm instructed the government to prepare proposals for its further liberalization before the middle of the year. This will be the duty of the new government.

Proposals for State Farm Privatization

91EP0245A Warsaw GAZETA BANKOWA in Polish
No 3, 20-26 Jan 91 p 9

[Article by Antoni Leopold in the Privatization Section: "Should Socialist Land Be Subdivided?"]

[Text] The State owns over 3.5 million hectares of farmland. This land was taken over after the boundaries changed and also as a result of agricultural reform. In six voivodships, the PGR [State Farms] have over 50 percent of the land, and in nine others, over 40 percent. It is very unlikely that the local farmers will be willing to take over that much land.

In recent years, the economic condition of the State Farms is steadily improving. This is due mainly to the

very favorable relationships of the prices of farm products to the subsidized means of production. In turn, the large subsidies on food produced an increased consumer demand.

The program for stabilizing the economy changed this situation in a basic way. Elements of a market economy appeared, but the obsolete structures did not disappear. It is difficult, at this time, to accurately assess the present economic condition of the State Farms. Observation indicates that there is considerable ability to adapt to market requirements. But many farms are already in financial trouble. The profitability of agriculture is generally low, particularly if we take into account the value of the land, which has heretofore been ignored.

Land to the Peasants

The State Farms can be commercialized or privatized in different forms. A State Treasury institution, with departments, should be set up for this purpose, to represent the present owner vis-a-vis the purchasers, lessees, and users. For example, a farm bank could be such a department.

Everywhere where there is a demand for land it should be satisfied at the expense of the State Farms. But this has to be a controlled process. The sales offer can include:

- State lands interspersed with private lands.
- Part or all of a State Farm (the nonprofitable ones first) located in regions where there is a strong demand for land.
- Lands from the conjoined open tracts of the State Farms, on condition that this will not harm the enterprise's economic condition, naturally if it is not being liquidated.

Before the lands are put up for sale, their legal status should be clarified. The return of expropriated land or land bought by coercion cannot be a universal solution, because in very many cases this would violate the acquired rights of other persons. Compensation could be paid in the form of bonds or privatization certificates, with the right of first priority in the purchase of state lands offered for sale. The right of preemption can be combined with credit and tax preferences.

In land sales, it would be well to generally use real estate mortgage credit. It could be granted by a stipulated farm bank. Private capital could be put to better use in equipping and organizing a farm, and not used for the purchase of land.

Farmers could be given land to enlarge a family farm or establish one. All the remaining farmlands should remain under the ownership of the State Treasury. To sell them would be the wrong solution. On the other hand, it would be well to consider other forms of use for them, leases or trusteeships, for example.

Not Everything for Sale

I see no need to privatize special-function farms: enterprises engaged in animal breeding or plant culture, or farms existing at schools and scientific institutions. This is dictated by the need to protect intellectual resources and past achievements, and also the need to meet the needs of agriculture in the future. These activities require large financial outlays, results do not appear for many years, and meanwhile, large risks have to be borne.

Management in such farms must be one-person. Workforce participation in management should be excluded. The land area being used must also be reduced to actual needs.

On the other hand, in my opinion, seed enterprises and breeding stock sales enterprises should be liquidated. The animal raisers and seed growers themselves, or private brokers, should organize their own sales channels.

Only self-dependent farms can be the object of ownership transformations. Therefore, a survey and a reorganization of the structure must be made, separating the uniform organizations from the combines.

The concentration of management occurred after 1970. The State Farms gained over a million hectares of land, and at the same time, the number of self-dependent enterprises dropped from over 5,300 to 1,270 in 1989. Over 60 percent of them own more than 1,000 hectares, and 300 of the largest own an average of 7,000 hectares. The first condition of commercialization is division. An overly expanded organizational structure greatly obscures the real economic results.

The management of multiplant enterprises sometimes puts up a very strong defense of the status quo. They do not allow the separation of plants, particularly those that are profitable, that are working to support the others. The main argument advanced is the earlier investment outlays for the technical equipment in the present Croesuses, and it is demanded that they repay those obligations. The organizations which are the headquarters of the combine's management were generally provided with housing settlements and processing or service plants, which are also the object of dispute. The best solution is to separate these components from the other assets and transfer them to municipal management or put them up for auction.

I do not believe that the present bosses in the State Farms will be able to make these organizational transformations. The appointment of a suitable government agency, which would concern itself with these matters, appears to be indispensable. One thing is certain, hackneyed solutions should not be applied.

Trustees and Lessees

The principles and directions of privatization policy in agriculture must be defined as quickly as possible. The state of uncertainty has an unfavorable impact on the

commitment of the workforce and management, and, it follows, on the economic results. Commercialization can create lasting forms of management of the lands remaining in the ownership of the State Treasury. Preparations to privatize horticultural enterprises and livestock farms, i.e., those organizations in which land is not the basic factor in production, should begin very soon. Suitable forms should be found for fish farms, pond and lake..

Naturally, the enterprises farming on State Treasury land must also change their form of organization. They can be:

- Managed by a trustee (a type of guarantor administration) appointed by the department representing the interests of the State, e.g., a farm bank. The trustee acts in accordance with the contract defining his rights and duties, the main one of which is to conduct a reorganization and bring the enterprise out of the deficit.
- Leased by natural persons, employee companies or cooperatives, farm institute companies, agricultural organizations, schools, or scientific institutes. Land as well as real estate can be leased.
- Conveyed to a company made up of the above-mentioned potential lessees and the State Treasury, represented by its department. In a company of this type, the land remains under state ownership and the State Treasury participates in the division of profits in accordance with the size of the share in the company's capital.

Private shareholders should, in the shortest possible amount of time, take over the ownership of the farm's mobile equipment, the livestock, and the means of revenue. Use of credit or the leasing of machinery, for example, should be made available to them. I believe this form of ownership to be worthy of special consideration.

I have presented an outline of my thoughts concerning the commercialization and privatization of State Farms. I do not believe that agriculture based on hired labor would have a future. I believe that new private farms should be created, of a size adapted to the labor resources of the family. The state can support this process through the sale of land which it now owns.

The transformation of the State Farms cannot occur spontaneously. Assistance in carrying out these transformations and establishing a suitable State Treasury department is indispensable. Hackneyed solutions and too much haste should be avoided. After all, privatization for the sake of privatization alone will not effect a change in the economy.

Telecommunications Joint Venture To Link Banks

91EP0239B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 19-20 Jan 90 p 11

[Article by Antoni Kowalik: "From the Central Office to the Window"]

[Text] It is enough to leave the city in which you have a bank account and difficulties will begin as soon as you run out of cash. Obtaining the necessary amount even at a branch of one's own bank entails burdensome procedures. This is precisely why the opinion has become common that it is easier to deposit money at the bank than it is to withdraw it.

The banks do not have direct links. A telecommunications network which would make it possible to accomplish settlements rapidly, check out clients, or serve them immediately which we encounter abroad or see in the movies does not exist. This will now change.

Last year, the Bank Council resolved to build a modern network of such links. It was christened TELBANK; all indications are that within a few months the first stage of this enterprise, the main lines, will be ready. The Bank Teledata Association [BTT] which is now setting up is involved in this. This is to be a joint venture type partnership with the foreign capital of American companies, in which, pursuant to the law, 51 percent of the shares will belong to domestic shareholders. The association will provide services associated with the integration of the banking system to the Polish banks and the finance sector in general, and will provide data processing equipment and service needed to this end.

Main lines are the first stage of creating TELBANK. The network will tie together 12 computing centers and five branches of the National Bank of Poland as soon as this quarter. Subsequently, 300 banks and branches which already have lines to the centers will plug into the network. For each of them, this will mean direct and immediate communications with 302 branches of other banks, as well as, among other things, access to the exchanges of other countries or the Reuter's service. Our largest commercial banks, together with the National Bank of Poland, have already confirmed their participation in this undertaking.

The association wants to hook up to the network all central offices of banks and voivodship cities before the end of this year. This will be the beginning of creating a regional network of circuits designed for all banks which would like to take advantage of this offer. As BTT promises, it will be possible to hook up any kind or type of terminal or local computer network to TELBANK. It is also planned to have interties with other telecommunications networks inside the country and abroad.

Implementing the first stage of TELBANK, installing main lines, will streamline the operation of the central offices of banks. Clients will be able to reap the benefits of technology only after the regional network is created and local banks are outfitted with electronic equipment, provided, of course, that they have money for this. The organizational potential is already there.

Boeing Sees Future Cooperation as Favorable

91EP0239A Warsaw RYNNI ZAGRANICZNE in Polish No 115, 8 Dec 90 p 2

[Article by Slaw: "Boeing Interested in Cooperation With Poland"]

[Text] A ranking representative of the management of the Boeing International Corporation on a short visit to Warsaw confirmed officially the interest of the Seattle concern in further cooperation with Poland. Dick Kenny, public relations director for Europe, stressed the significance of the Polish, as well as the Central European, market in the implementation of the long-range marketing strategy of Boeing, praising highly the experience of cooperation with the LOT Polish Airlines to date.

This year has turned out to be very favorable for the potentate of the world aerospace industry. Sales in the first three quarters came to about \$20.6 billion. This indicates that achieving a financial performance which breaks the records of the company's entire history is possible.

Further prospects likewise appear favorable. Between January and September 1990, Boeing received orders for more than 300 aircraft of various types. Production of the 737, 757, and 767-type craft increased, and the newest type, the 737-500 was officially certified. A research and development program was started for the newest and most modern aircraft of a new generation—the Boeing 777. As a result, the competitive position of the concern in the world market improved decisively.

It should be recalled that several months ago Boeing transferred to the LOT Polish Airline a 300ER-modified 767 wide-body plane. It was added to two 767-200's used by our flag carrier since last year. All three craft are acquitting themselves properly, bearing out in the course of very intensive operation the excellent technical and economic performance of Boeing planes.

There are many indications that within a couple of years more Boeings will be added to the fleet of the LOT Polish Airlines, most likely, the newest B-777's. However, this will depend on ultimately finalizing negotiations initiated in the spring of this year.

Club Considers Financing Entrepreneurship

91EP0227C Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 21 Dec 90 p 1

[Article by A.S.: "Polish Capital Club"]

[Text] The Polish Capital Club is a new, recently registered association of Polish businessmen. At the moment it has 21 founding members—entrepreneurs. Candidates for membership must have annual sales of at least 1 million dollars to qualify and then pay an initiation fee

of 50 million zlotys and monthly dues of 1 million zlotys. Despite all this, there are still 80 candidates for club membership.

Chairman Krzysztof Rucinski told me at the club's first meeting that the club has already created an economic and legal analysis office, which will give entrepreneurs a view of the Polish economy in a less traditional way. It will serve as an investment society to give advice, among other things, on where to invest capital on the drawing boards.

The club's bank, Kredyt-Bank, is already in operation. It is the first private foreign exchange bank. It has 200 billion zlotys in assets and will sell its own stock. Club members will initially have priority in buying stock.

The club sees many tasks before it, such as supporting initiative and entrepreneurship. Anyone without capital who has a good idea can approach the club. If the venture receives a favorable appraisal, it will be financed, with the profits being divided half and half.

The club has already set up its headquarters, located at 14 Senatorska Street in Warsaw.

Privatization in Construction Profiled

91EP0227B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 21 Dec 90 p 11

[Article by A.Z.: "Privatization in Construction"]

[Text] Construction firms' profits will average 32 percent during the current year. In terms of results this year, on the other hand, production fell by 19 percent, and in terms of housing starts—the effects will appear next year—the decline is about 30 percent. In other words, not much is being built, but nobody has gone bankrupt on construction. On the contrary, financially speaking, the companies have never had it better.

This important information played somewhat of a determining role in the discussion on privatizing construction firms. The Ministry of Land Use Management and Construction set up the talks on 20 December. The meeting was devoted to the subject of converting state construction firms to private ownership. This change could come about in two ways, either through liquidation or through transformation into a single-party company of the State Treasury. As the founding body of some of the companies, the ministry also invited to the meeting the voivode plenipotentiaries on ownership transformations in the construction industry. Minister Aleksander Paszynski stated at the outset that there is only one construction industry, regardless of the founding body. The meeting was therefore to help those parties wishing to go private.

The question is who wants to. Up to the present time only 240 of the 610 construction enterprises, whose founding bodies are the voivodes, have expressed their readiness for privatization. Among these, 60 want to be

converted into single-party companies of the State Treasury, and 180 chose liquidation as the way to go private. The rest are waiting.

To accelerate these efforts and insure their greater effectiveness, the Ministry of Land Use Management and Construction has offered assistance in preparing a group of experts to conduct the privatization.

Reacquisition of Lost Property Considered

91EP0227A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 22-26 Dec 90 p 1

[Article by Ewa Druzdzel and Jan Forowicz: "Those Returning From Beyond the Bug River Not To Lose Previously Abandoned Property"]

[Text] The Department of Surveying and Land Use at the Regional Bureau in Warsaw receives about 100 applications daily and gives advice to about the same number of people.

Department director Stanislaw Kolanowski says: "We accept every application, even if some of the documents are missing. For the time being, the most important thing is for all the people involved to actually submit their applications. We do not refuse anyone. We realize that the people without any documents are often those who have suffered the greatest injury.

"For the moment, we are just registering the applications. We have not completed any yet," Kolanowski explains. "We won't be sending the applications on to have the legal aspects looked into until the new regulations on finally dealing with damages for property left behind come out. At the moment there is no time for this. We inform all the involved parties by letter that the proceedings have been opened and that they need to supply the missing documents.

"Those applying for damages should first of all document their right to a claim and present the records to confirm ownership and establish the nature of the real estate that has been lost. They should also attach a description of the property left behind so a competent assessment can be made. If there are no documents, they may present two witnesses and apply to the regional court asking for a finding concerning the property abandoned in the USSR.

"The Regional Bureau has been in operation for four months. During this time we have accepted 2,000 applications, 60 percent of them referred to us from the area bureaus, which have handled these matters in the past. Up until May of this year, the state's real property was under the jurisdiction of gmina supervisors. Very few applications for damages were dealt with. The procedure was complicated. First you had to have a distinct plot or piece of property. If it had been promised, you could apply to have the value of the property calculated in terms of payment."

After the regulations of the Law on Regional Self-Government went into effect this past May, building sites that had previously been state property and were now being designated for housing construction became the property of the gminas. In keeping with the regulations in effect, the gmina will be able to transfer the property only through competitive bid. On the other hand, claims resulting from State Treasury obligations are to be handled by the regional offices of the government administration, out of the State Treasury's resources. Meanwhile, the State Treasury has no free land to give for housing construction. Given the present legal situation, there is no way to deal with applications for damages. New solutions and different principles are needed for handling the claims.

The new draft law we wrote about in RZECZPOSPOLITA, No. 261, envisages the State Treasury's paying damages in bonds. This would be an advantageous form of compensation for the parties involved. Because they are commercial paper, the owner can transfer or sell the bonds or put them up for bidding. Also, more people could receive compensation for lost assets. But we must state clearly that the method and form of realizing the damages depend solely on the upcoming law and any changes that the Sejm might introduce.

On 21 December the Sejm approved an extension of the deadline for filing applications to 31 December 1992.

The surveying and land management sections of the voivodship offices estimate that about 25,000 such applications have been filed. The number of claims will double once the law's generosity is extended to include new groups, such as Poles repatriated from the USSR after the signing of the Polish-Soviet Agreement in 1957.

The estimate is that it would take 10 trillion zlotys (1989 prices) over a period of 15 years to cover all the resulting state obligations.

The senate committee has taken under review the ministry's draft law on recompensation for property abandoned in the East, but it has mentioned that it might prepare its own draft of the corresponding legal regulations.

YUGOSLAVIA

Law on Temporary Financing of Federation Scored

91BA0213A Belgrade POLITIKA in Serbo-Croatian 5 Jan 91 p 8

[Article by Biljana Cepak and Mirjana Akcentijevic: "In Accordance With Law on Temporary Financing of Federation Requirements: Federal Treasury on Waves of Inflation"—first paragraph is POLITIKA introduction]

[Text] More than 70 billion dinars earmarked for the Army, and remaining monthly requirements from the Federation's budget are being paid for with slightly more than 5 billion dinars. Due to disagreement of republics and provinces, the provision of the Constitution is applied which stipulates that financing proceed on a continuing basis, but whether it will happen that way depends on inflation.

At the end of last year tradition did not fail to be lived up to in the Federal Assembly: in the last session of the Federal Chamber, after many arguments, federal funding for the approaching year of 1991 barely managed to get "carved out." But this time, like two years ago, instead of a budget a Law on Temporary Financing of Federation Requirements was passed.

This ordinance is, in fact, the expression of an inability in the SFRY to obtain agreement of the federal units on the two earlier Federal Executive Council [SIV] proposals concerning a prospective Federation budget for this year. And it is the only solution that will make it possible for the financing of Federation functions not to be imperiled at some point.

What does temporary financing of the Federation mean in practice?

In a word, the law that was adopted will apply up until the republics and provinces give their assent to the entire scope of funds for the financing of the Federation, and that may mean for all of 1991. However, it would be good if there were agreement earlier, since this law presupposes that in this year's budget there will be as much money as in last year's, as well as allowing, to be sure, for the rate of inflation recorded in the last months of 1990.

More Than 132 Billion Dinars in the Budget

The calculation is that this year the Federal Treasury will be under a somewhat greater burden of 132 billion dinars. On that basis, and in accordance with the SFRY Constitution, the State Presidency set aside 70.851 billion dinars for the JNA [Yugoslav People's Army]. Out of that, slightly more than 61.599 billion dinars is earmarked for regular funding for the Army and 9.251 billion will go for military pensions.

Otherwise, for remaining requirements to be paid for every month out of the budget, there will be exactly 5.1473 billion dinars set aside. Those amounts were arrived at based on the Law on Federation Financing, which is to say starting from the funds that had been available last year, such that the Federal Treasury's last recalculated balance was increased by 22 percent, the rate of retail price growth at the end of 1990.

During the adoption of the aforementioned law, the delegates in the Federal Chamber of the SFRY Assembly were aware that temporary financing of the Federation "is not exactly a popular institution, that it means relative limitation of certain entitlements," but they

considered the fact that this transitional solution should provide maximal discipline and normal subsistence for the Federation.

Presidency Set Funds for Army

There was no such understanding in the prior proceedings, which is of course understandable when one is talking about the stage of harmonizing positions, when the interests of the republics and provinces run counter to each other.

Let us recall: The federal government actually delivered two previous budget plans for this year to the delegates of Yugoslavia's Assembly. According to the first proposal, there is a need for more than 154 billion dinars in the Federal Treasury. That means half again as much funding as there had been last year. Along with the basic observation by the principal competent bodies that the budget must be adapted to the economy's possibilities and that what was being discussed was an excessive amount of funding, the delegates did not give a "green light" to that document. That is why the SIV sent a new version in the form of an amended proposal. The shaping of this latter budget meant 9.2 billion dinars less than what had been originally proposed for the Federal Treasury.

It is interesting that in this second budget proposal the SIV abandoned Federation bond issue, even though the calculation had been that thanks to such bonds 17 billion dinars would have flowed into the State Treasury. In addition to public debt not being exactly attractive to the republics and provinces, that can also be said of the former proposal's straight-line reduction of about 10 percent in many expenditure items. Therefore, the republics were not satisfied with this and so agreement was again lacking.

After this the SIV made use of the constitutional provision which in these situations prescribes that Federation requirements are to be temporarily financed based on the previous year's budget, along with which the SFRY Presidency has authority for stipulating funding earmarked for the Army. Thus it happened that after great expectations everything went back to the beginning anyway, revenues and expenditures identical to last year's. And probably the same problems will arise. It is not certain that even this year the question will be posed of normal flow of funds into, and prompt payment of obligations out of, the Federal Treasury. Nevertheless, all of this could be largely imperiled by inflation if the 40 percent planned for is exceeded.

Wage Freeze in Social Sector Decreed

91B40213B Belgrade POLITIKA in Serbo-Croatian 5
Jan 91 p 9

[Article by B. Radivojsa: "After the Adoption of Changes in the Law on the Payment of Wages: Wages Are Being Turned Back to October"—first paragraph is POLITIKA introduction]

[Text] Freezing and reduction of current wages will affect at least three million (half) of those employed in the social sector. Of that number most are in the non-productive economy (1,150,000), in monopoly organizations (400,000), and in illiquid enterprises and collectives that are operating at a loss (more than a million workers).

The day before yesterday, issue number 84 of *SLUZBENI GLASNIK*, in which the changes to the Law on the Payment of Wages appeared, was published. This was the condition for the changes to go into effect subsequent to their adoption at last year's final session of Yugoslavia's Assembly. That means that at this time, up until the very end of the year, the wages of several million people employed in the social sector will be subject to a special limiting regime.

List of Monopolists Expanded

Moreover, the restrictions are least for collectives that operate as independent enterprises. As of now, they will freely manage their wages along with a remaining obligation introduced back in July of last year in connection with setting aside for shares. To wit, collectives whose wages during the July-November period of last year were 10 percent higher or lower than the economy's average, are obligated to set aside for shares or into an enterprise business fund one-quarter of new wage increases. Those that during the same period made a profit greater than 10 percent over the average are obligated to pay half of wage increases into shares or into a business fund.

Significantly greater financial effects in terms of expenditure restriction are expected from the wage freezes in monopolistic enterprises and organizations which pay high wages. During all of 1991 those employed in such organizations will receive the average of wages paid in the September-November 1990 period.

Ljiljana Jovicic, director of the wage program in the Federal Secretariat for Labor, tells us that falling among those categories of monopolistic organizations are: the electrical industry, oil and gas production, production of petroleum derivatives, pipeline transport, foreign trade, banking, insurance companies, PTT [Post, Telegraph, Telephone] services. The new statutory changes are adding to that list maritime and air transport, wholesale and retail trade in petroleum derivatives, and tourist agencies.

November Alarm Signal

This also applies to the entire nonproductive economy. It also will be paying wages at the average level during the September-November period. And falling under non-productive economy are: educational institutions and cultural institutions, research activity, information media, physical culture and sports, health care and social

welfare, funds (self-managed communities of interest), OUR [Organization of Associated Labor] associations, and political organizations.

Moreover, the legislator is clear: The freeze does not apply to collectives in these areas of work activity if they are registered as enterprises that do business in the marketplace. That is, like economic enterprises, they will pay wages depending on business results, along with the obligation to set aside for shares.

But, institutions in social areas of work activity (one assumes that we are talking about a number of schools) in which wages are below the republic (province) average, will be able to increase their wages this year to that average.

Anyway, there are about 400,000 employees in monopoly organizations in Yugoslavia, and 1,150,000 in the nonproductive economy.

Finally, organizations that are insolvent (illiquid) or are operating at a loss will have to lower wages. That is, if an enterprise goes 15 continuous days (20 days with interruptions) without funds in a revolving account, the following month employees will receive 90 percent of their own average wage during the July-November period of last year. The status of an enterprise with losses is determined based on the annual statement of account. If the annual loss is greater than the profit realized in the last three months, the regulation concerning limitation on payments is applied in these firms as well.

In the Secretariat for Labor they do not have estimates on how many employees will have wages frozen on this basis. They only say that in Yugoslavia on 31 October of last year 2,670 collectives having more than 900,000 employees were insolvent. How many of them are now illiquid and operating at a loss is difficult to say. Ljiljana Jovicic, however, cautioned that the restrictions on these enterprises, and in the nonproductive economy, were necessary. Earnings in social areas of work activity grew faster last year than in the economy, while wages of organizations operating at a loss were, on the average, at the economy's average level. Many organizations operating at a loss, therefore, paid out higher wages than those that were managing their affairs well.

Amounts set aside last year for wages, in total, were in fact greater than planned. Total funds amounted to 27.6 billion dinars in July, 28.5 in August, 29.2 in September, 32.1 in October, and 35.5 in November. That last November figure was an "alarm signal," and so the goal of the current changes in the law is bringing the set-aside totals back to the October level, which is to say 32 billion.

The person proposing the law, explained Ljiljana Jovicic, endeavored not to restrict organizations that are operating successfully in the marketplace.

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